GHANA

ANNUAL REPORT

2013

BANK OF AFRICA

Groupe BMCE BANK

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MESSAGE FROM THE CEO OF BOA GROUP

The BANK OF AFRICA Group's 2013 financial year was highlighted mainly by the following five objectives:

- continue its external growth,
- improve its operating structure,
- launch a vast plan to strengthen its risk control,
- expand its sales & marketing set up,
- continue to enhance its financial results.

The BANK OF AFRICA Group's development was reflected in 2013 by the opening of a subsidiary in Togo.

Meanwhile, the Group's institutionalisation continued with an expansion in its Central Departments at head office.

With the same determination of more precision-based management, a major project for redefining risk management was launched in synergy with the BMCE Bank Group, our majority shareholder. In the same light, a system of environmental and social management was set up in this same area.

The restructuring of our sales & marketing organisation and the implementation of our business model were maintained and extended to our corporate clients and English-speaking subsidiaries.

As for financial results, the progress made in 2012 continued in 2013, as seen in the following data.

Customer deposits reached 3.4 billion euros, a 7.2% increase driven mainly by an increase in the number of accounts, which exceeded the 2 million mark in May 2014.

Outstanding customer loans came to 2.5 billion euros, a 13.4% increase.

Total assets rose by 9.7% to 4.8 billion euros at end-2013.

Net Banking Income (NBI) improved by 10.2% to 320.6 million euros.

Consolidated net profit rose slightly, by 1% from 56.2 million euros in 2012 to 56.7 million euros, due to a large provision made on a file in a WAEMU BOA. Without this provision, net income rose by about 16%, thus reflecting the Group's dynamism.

In 2014, we will maintain and strengthen our policy, which reconciles commercial development and structural reinforcement within the framework of our 2013-2015 Three-Year Development Plan. The final objective is to reinforce our participation in financing national economies and to increase the involvement of African citizens in the economic and social life of their countries.

I thank all our customers for their trust in us, the BANK OF AFRICA staff for their unfailing commitment, and our shareholders for their steadfast support, particularly our majority shareholder, BMCE Bank.

Mohamed BENNANI
BOA GROUP S.A. Chairman and CEO

Photo © E.Legouhy

OVER 30 YEARS OF GROWTH AND EXPANSION

BANKING NETWORK*

1983 BANK OF AFRICA – MALI

15 Branches and 1 Business Centre in Bamako.
10 Regional Branches and 20 Local Branches.

1990 BANK OF AFRICA – BENIN

22 Branches, 1 Business Centre and 2 Port Branches in Cotonou.
21 Regional Branches.

1994 BANK OF AFRICA – NIGER

Created in 1989: NIGERIAN INTERNATIONAL BANK (NIB). Integrated into BOA network in 1994.

11 Branches in Niamey.
8 Regional Branches.

1996 BANK OF AFRICA – CÔTE D'IVOIRE

Created in 1980: BANAFRIQUE.
Integrated into BOA network in 1996.

14 Branches and 1 Business Centre in Abidjan.
8 Regional Branches and 1 Local Branch.

1998 BANK OF AFRICA – BURKINA FASO

17 Branches and 1 Business Centre in Ouagadougou.
14 Regional Branches.

1999 BANK OF AFRICA – MADAGASCAR

Created in 1989: BANKIN'NY TANTSAHA MPAMOKATRA (BTM) / National Bank for Rural Development.
Integrated into BOA network in 1999.

21 Branches and 1 Business Centre in Antananarivo.
59 Regional Branches.

2001 BANK OF AFRICA – SENEGAL

18 Branches and 1 Business Centre and 1 WU Counter in Dakar.
10 Regional Branches and 1 regional WU Counter.

2004 BANQUE DE L'HABITAT DU BÉNIN

2 Branches in Cotonou.

2004 BANK OF AFRICA – KENYA

Created in 1981: BANQUE INDOSUEZ Kenyan Branch > CREDIT AGRICOLE–INDOSUEZ > CALYON.
Incorporated under Kenyan law, integrated as a subsidiary into BOA network in 2004.

15 Branches and 1 Business Centre in Nairobi.
15 Regional Branches, 1 Business Centre in Mombasa.

2006 BANK OF AFRICA – UGANDA

Created in 1985: SEMBULE INVESTMENT BANK Ltd > ALLIED BANK. Integrated into BOA network in 2006.

20 Branches in Kampala.
13 Regional Branches.

2007 BANK OF AFRICA – TANZANIA

Created in 1995: EURAFRICAN BANK – TANZANIA Ltd (EBT). Integrated into BOA network in 2007.

10 Branches in Dar es Salaam.
9 Regional Branches.

2008 BANQUE DE CREDIT DE BUJUMBURA

Created in 1909 in Brussels: BANQUE DU CONGO BELGE (BCB). 1922: BCB Branch in Usumbura, Burundi. 25 July 1964: BANQUE DE CREDIT DE BUJUMBURA (BCB). Integrated into BOA network in 2008.

8 Branches, 1 Business Centre and 5 Counters, in Bujumbura.
12 Branches and 1 Counter in Provinces.

2010 BANK OF AFRICA – RDC

7 Branches in Kinshasa.
1 Regional Branch.

2010 BANK OF AFRICA – MER ROUGE

Created in 1908: BANQUE INDOSUEZ MER ROUGE (BIRM). Integrated into BOA network in 2011.

4 Branches and 1 Counter in Djibouti.
1 Representive Office in Addis Abeba in Ethiopia.

2011 BANK OF AFRICA – GHANA

Created in 1999: AMALBANK.
Integrated into BOA network in 2011.

14 Branches and 1 Business Centre in Accra.
5 Regional Branches.

2013 BANK OF AFRICA – TOGO

3 Branches in Lomé.

SUBSIDIARIES*

1997 ACTIBOURSE

Head Office in Cotonou.
1 Liaison Office in Abidjan.
1 contact in each BOA company.

2002 AÏSSA

Head Office in Cotonou.

2002 AGORA

Head Office in Abidjan.

2004 ATTICA

Head Office in Abidjan.

2009 BOA-ASSET MANAGEMENT

Head Office in Abidjan.

2010 BOA-FRANCE

4 Branches in Paris.
1 Branch in Marseille.

OTHER ENTITIES*

1999 BANK OF AFRICA FOUNDATION

Head Office in Bamako.
Presence in 11 countries
where the Group operates.

2000 BOA GROUP EIG

Head Offfice in Paris.

(*) BANK OF AFRICA Network at 31/03/2014.

OVER 30 YEARS OF EXPERIENCE SERVING CUSTOMERS

A STRONG NETWORK*

5,000 people at the service of more than one million customers.

About 430 dedicated operating and service support offices in 17 countries.

A continuously expanding base of Automated Teller Machines and Electronic Payment Terminals, numbering around 600.

Close to 1,800,000 bank accounts.

A WIDE AND VARIED OFFER

Full range of banking and financial services.

An attractive range of bank insurance products.

Tailored solutions for all financing issues.

Successful financial engineering.

A LEADING BANKING PARTNER, BMCE BANK,

which is part of FinanceCom, a major Moroccan financial group.

STRATEGIC PARTNERS, INCLUDING:

Proparco,

International Finance Corporation (IFC - World Bank Group),

West African Development Bank (BOAD),

Netherlands Development Finance Company (FMO),

Belgium Investment Company for Developing Countries (BIO), and investment fund Aureos.

UNIQUE EXPERIENCE IN AFRICA

Continuous development for over 30 years.

THE COMMITMENTS OF THE GROUP

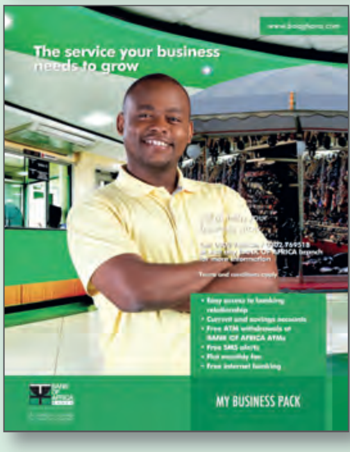
- **QUALITY** of customer service
- **DYNAMIC,** accessible staff
- **FINANCIAL SOLIDITY**
- **COHESIVE** network
- **DIVERSITY:** wide range of financing solutions
- **EXPERTISE** in financial engineering
- **STRONG** partners

GROUP TURNOVER 2013:

493.7

MILLION EUROS

(*) Figures at 30/04/2014.



BANKING PRODUCTS & SERVICES OF BOA-GHANA

ACCOUNTS

Current Account
Individual Current Account
Kids and Teen Account

INVESTMENT PRODUCTS

Ambitions Savings Plan
Call Deposits Account
Executive Saving Account
Fixed Deposit Account
Individual Savings Account
Savings Account

ELECTRONIC BANKING

B-Web
SESAME Card
Internet Banking

MOBILE FINANCIAL SERVICES

B-Web Smart
MTN Mobile Money

PACKS

EMPLOYEE Pack
MY BUSINESS Pack
PUBLIC SERVICE Pack

LOANS

Overdraft
Personal Loans
Project Financing
Temporal Overdrafts
School Fees Loan 'Educational Loan'
Vehicle Loan

TRANSFERS & CHANGES

Foreign Exchange
Oceanic Transfers Payments
Western Union

COMPLEMENTARY PRODUCTS & SERVICES

Payment Orders
Utility Bill Payments

COMPANY SERVICES

BOA-GHANA thus offers a wide range of products and services to the attention of Corporates and SMEs, organizations, institutions and professionals.

ACTIVITY REPORT

Kobby ANDAH
Managing Director

Vincent ISTASSE
Deputy Managing Director

COMMENTS FROM THE MANAGING DIRECTOR

The economy experienced exchange rate pressures from the first quarter of year 2013 and only saw some stability towards the end of the third quarter. This resulted in elevated interest rate pressures on deposits and borrowings culminating into a 100 bps increase in the Bank of Ghana Policy Rate to 16% at the end of the first quarter.

Inflationary pressures were also elevated throughout year 2013 arising from increases in utility and petroleum prices. Utility prices increased between 58% – 78% while petroleum prices increased between 22% – 25%. The above was compounded by the fall in Gold prices and increase in oil prices.

The economy saw some stability in the last quarter of year 2013. However, gains were quickly eroded due to the effect of the US government's decision to scale back on its quantitative easing program. The effect of the roll back has led to sharp depreciation in the currencies of emerging economies including Ghana, South Africa, Argentina, Turkey and a host of others whose financial systems are fairly integrated internationally.

The above undoubtedly affected the performance of the Ghanaian banking industry.

FINANCIAL PERFORMANCE

During 2013, BANK OF AFRICA – GHANA Ltd was focused on mobilizing cheaper deposits, improving fee-based income, containing operational costs and most importantly sanitizing the legacy risk assets portfolio.

It is worthy of note that the Bank grew its current and call deposits by 47.1% in 2013 and reduced the percentage of time deposits to total deposits from 48% in 2012 to 36% in 2013. Overall, customer deposits grew by 10.1%.

Even though significant interest was suspended on the Non Performing Loan (NPL) loan book, Interest Income grew by 28.4% from GHS 62.6 million in 2012 to GHS 80.4 million in 2013. Commissions and Fees also recorded a 32.4% growth from GHS 18.8 million in 2012 to GHS 29.4 million in 2013.

Our interest expense increased by about 58% with a backdrop of elevated market rates for funds especially in the first half 2013. This phenomenon is unlikely to be repeated in 2014 in view of our improved deposits structure.

Overall, the Bank's total operating income grew by 12.3% while operating costs recorded an increment of 19.2%. Operating income was largely depressed due to the suspension of interest on non-performing facilities to the tune of GHS 28 million in year 2013 only and increased interest cost arising from the turbulence encountered by the economy.

Operating costs rose on the back of the significant depreciation of the Ghana cedi, the relatively high inflation rate and increment in staff cost.

Impairment charges of GHS 18.9 million were made in addition to a GHS 17 million increase to the Credit Risk Reserve. The sources of the high level of impairment are the high delinquency identified in the legacy loans and advances taken over by BOA. The impairment was funded by earnings, an additional injection of equity of almost GHS 30 million and long-term quasi equity of US$ 8 million made by the BANK OF AFRICA Group. With a 92% credit risk cover, 2013 will mark the end of significant charges for impairment after significant recoveries over the past three years. It is comforting to note that cash recoveries of GHS 94 million have been made since 2011 and this is expected to increase during the next couple of years.

The Bank's total assets grew by 11.5% from GHS 567.6 million in 2012 to GHS 633 million on the back of a 13.4% growth in Gross Loans and Advances.

OPERATIONAL EFFICIENCY & EXCELLENCE

The Group's Annual Commercial Action Plan (ACAP) became fully operational in Ghana with one (1) Business Centre at Ridge and eighteen (18) Retail branches. The ACAP module provides a "one stop shop" where all the diverse needs of SMEs and Corporate customers are serviced at one location. The module is also supported with technology; products and staff re-alignment that helps the Bank to offer speedy and convenient service to our retail customers. The Bank also replaced nine (9) out of its seventeen (17) ATMs with the remaining eight (8) to be changed in 2014. The Bank also implemented the Group's electronic banking software (B-Web) in Ghana while measures are also in place for our Bank to join the VISA platform in 2014.

All the above changes and renewals are aimed towards efficient service delivery and convenience to our valued clients.

CONCLUSIONS AND GOING FORWARD

Our Bank embarked on a program of consolidation; sanitization and renewal in year 2011. Year 2013 hopefully marked the end of that process and the break of a new dawn of accelerated growth and profitability for our Bank going forward.

We are most appreciative for the continued support of our Customers, Shareholders, and the Board during the challenging past years. We will continue to count on your full support towards making BOA-GHANA a bank we will proudly want to be associated with.

Kobby ANDAH

Managing Director

HIGHLIGHTS 2013

FEBRUARY

Launched the Accra Business Centre in Ridge, Accra.

MARCH

BANK OF AFRICA – GHANA increased its capital from GHS 77,460,828.05 to GHS 92,968,828.05 million.

APRIL

Press launch of the 5th Annual Commercial Action Plan (ACAP) products.

MAY

Participation in the 2013 BANK OF AFRICA network management meetings, in Dakar, Senegal.

JUNE

Attended the Ghana Banking Awards where BANK OF AFRICA – GHANA won 2nd Runner up. Best Bank in Consumer Finance.

Participated in Group campaign on the Educational Loan product.

OCTOBER

Participation in the 2013 BANK OF AFRICA Directors meetings, in Fes, Morocco.

NOVEMBER

BANK OF AFRICA – GHANA increased its capital from GHS 93,665,628.05 to GHS 117,462,252.64 million.

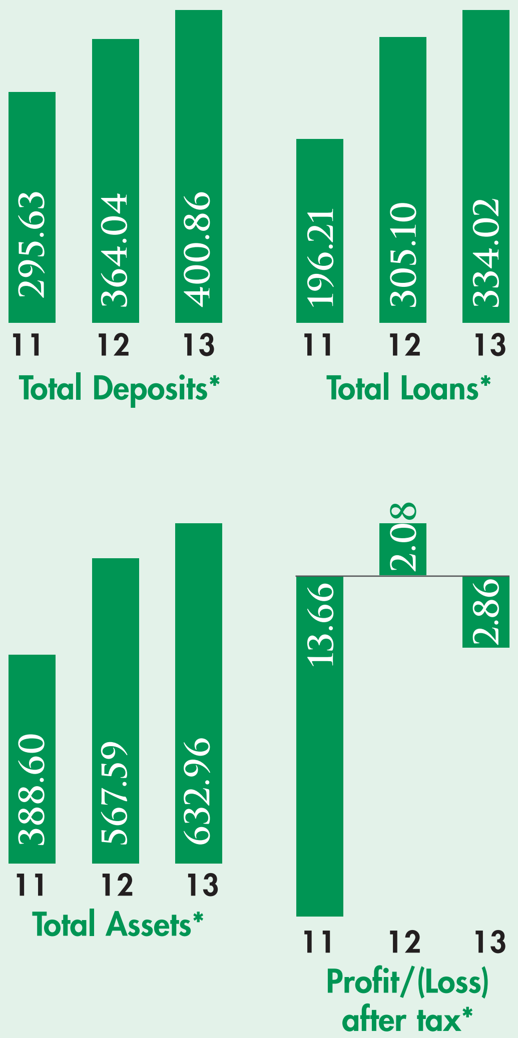
KEY FIGURES ON 31/12/2013

ACTIVITY	
Deposits*	400.86
Loans*	334.02
INCOME	
Net interest income*	32.33
Operating income*	57.24
Operating expense*	40.94
Profit/(Loss) before tax*	(2.58)
Profit/(Loss) after tax*	(2.86)
STRUCTURE	
Number of Employees	370

Total Assets*

632.96

EVOLUTION FROM 2011 TO 2013



A section of staff and journalists at the media launch of the ACAP products.

The set up for the launch of the Accra Business Centre in February 2013.

(*) In GHS millions (Euro 1 = GHS 2.98625, as at 31st Dec 2013)

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

In 2013, BANK OF AFRICA – GHANA's main areas of concentration as far as Corporate Social Responsibility was concerned was on initiatives that would ameliorate the social, economic and environmental conditions of the general population.

SOCIAL

The Bank collaborated with the Ghana Education Service and the World Food Programme to sponsor the education of 5 financially needy but brilliant girls from Northern Ghana. This was part of a scholarship programme titled "Assistance for Girls' Education in the Northern Savannah". It is aimed at promoting girls' education in regions where their school attendance is low. Per the programme, girls who attend school regularly are rewarded with a monthly food package. The food serves as a trade-in for the lost economic value of the girls' service at home.

The SOS Children's Village in Tema, Ghana was also a recipient of a donation. The Bank has adopted a house of orphans now known as 'BANK OF AFRICA House'. It has 12 children of varying ages. The sponsorship covers the education, health, house maintenance, recreation and food needs of the children.

The Bank in solidarity with Joy FM, an english-speaking radio station, donated some food items towards the Joy FM Easter Soup Kitchen held at the Efua Sutherland Park in Accra. This event is held yearly to feed the homeless and the poor.

Head, Adm. & HR, Nana Mbroh ELEGBA accompanied by Ampofo ONYINA, Head, Service Excellence making a presentation of food items to a representative from Joy FM for the Joy Easter Soup Kitchen.

The Bank also made a donation towards a new Dental Clinic which was to be set up at the Adabraka Polyclinic. The donation went into the cost of civil works.

The Homowo Festival of the Ga Traditional Area in Accra also received a sponsorship package from the BOA-GHANA. The Homowo is an annual festival meaning "hooting at hunger".

The 29th National Farmers' Day Celebrations also saw a donation from the BOA-GHANA. This event took place on the 6th of December 2013.

BOA International Marathon

BOA-GHANA sponsored the attendance of 2 athletes, a coach and a journalist to the 6th edition of BOA International Marathon of Bamako, Mali. Ghana's athlete Godwin ADUKPO gave a good account and emerged 3rd winner, and Raja LAGBLE 6th.

BOA INTERNATIONAL MARATHON

Ranked third in the Marathon, Godwin ADUKPO, Ghana.

Sokoban Branch Manager, Ishaque COFIE and some Head office staff presenting some cleaning materials to the representatives of the Kumasi Metropolitan Assembly at the Sokoban Wood Enclave.

ECONOMIC

The BOA-GHANA sponsored the Michael Essien Foundation (MEF) football match dubbed 'Game of Hope & Inspiration'. The Bank sponsored the Africa 11 versus World 11 football event which was held in Ghana on the 8th June, 2013 at the Accra Sports Stadium was to help raise funds for his charity foundation. The charity's aim is to raise funds for basic facilities like boreholes, a vocational school, a hospital and construction of some major roads in Awutu Senya in the Central Region where he hails from. This event hosted international football players like Cristiano RONALDO, Ashley COLE, Frank LAMPARD and other great players. He also made donations to four other charities.

The 28th biennial conference of the Ghana Science Association (GSA) was also sponsored by the Bank. The GSA is an association of scientists, technologists, engineers and mathematicians for the socio-economic development of Ghana. The theme for the conference was "Harnessing our Natural Resources for National Development: The Role of Science and Technology".

ENVIRONMENT

The BOA-GHANA donated some items to the Kumasi Metropolitan Assembly (KMA) to support the sanitation program in Sokoban, the Wood Village of Kumasi. The donated items included wheelbarrows, rakes, spades and protective gear such as gloves. The purpose was to encourage quarterly clean up exercises of the Sokoban Enclave.

Michael ESSIEN handing over a cheque to a representative of one of the charities whose cause his foundation donated funds to.

Michael ESSIEN and some staff of the Michael Essien Foundation with representatives of the charities they donated funds to.

BOARD OF DIRECTORS & CAPITAL

BOARD OF DIRECTORS

The Directors who held office during the year up to 14th February 2014 were:

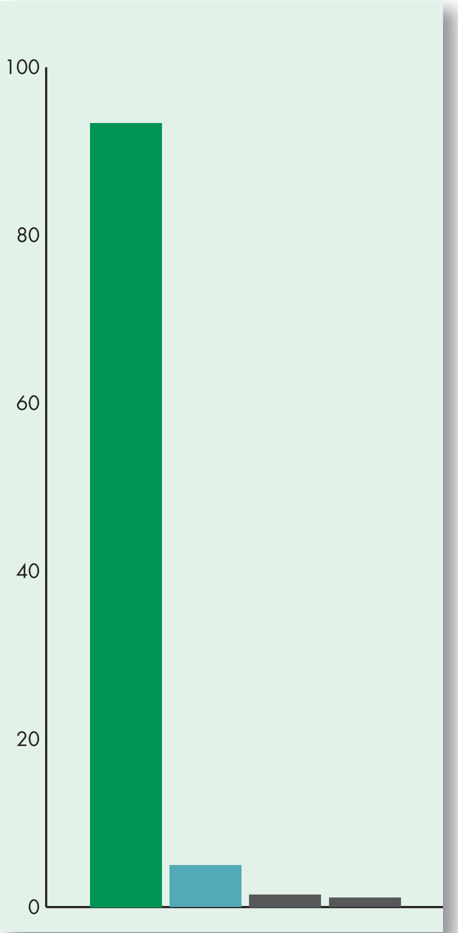
Stephan ATA, Chairman	Mohamed BENNANI
Kwame AHADZI	Vincent de BROUWER
Kobby ANDAH	Paul DERREUMAUX
Dr. Patrick ATA	John KLINOGO
Abdelkabir BENNANI	Nana OWUSU-AFARI

CAPITAL

The Bank has 99,683,823 authorized ordinary shares with a cumulative nominal value of GHS 117,462,252.64.

The following is the Bank's shareholding structure as at 14th February 2014.

Shareholding position based on number of shares (%).



93.35%	BOA WEST AFRICA
4.44%	ESTATE OF DR. H.O.K. ATA
1.30%	NANA OWUSU-AFARI
0.91%	OTHER PRIVATE SHAREHOLDERS

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

Stephan ATA
Chairman of the Board of Directors

2013 GHANA KEY FIGURES

Area (thousand Km²): 239

Population (million inhabitants): 25.9

GDP (USD billions): 47.9

GDP Per capita (USD): 1,849

Number of banks: 27

Estimations as at 31/12/2013

CORPORATE INFORMATION

DIRECTORS

Stephan ATA	**Chairman**
Nana OWUSU-AFARI	Member
Dr. Patrick ATA	Member
John KLINOGO	Member
Kwame AHADZI	Member
Kobby ANDAH	Member
Mohamed BENNANI	Member
Paul DERREUMAUX	Member
Vincent de BROUWER	Member
Abdelkabir BENNANI	Member

BOARD COMMITTEES

Risk & Compliance Committee:

Dr. Patrick ATA	**Chairman**
Abdelkabir BENNANI	Member
Vincent de BROUWER	Member
John KLINOGO	Member
Kobby ANDAH	Member
Frederick ASANTI-AWUKU	Secretary

Audit Committee:

John KLINOGO	**Chairman**
Vincent de BROUWER	Member
Nana OWUSU-AFARI	Member
Kwame AHADZI	Member
Abdelkabir BENNANI	Member
George OTCHERE	Secretary

Recoveries Committee:

Dr. Patrick ATA	**Chairman**
Stephan ATA	Member
Nana OWUSU-AFARI	Member
Abdelkabir BENNANI	Member
Kwame AHADZI	Member
Kobby ANDAH	Member
Ras MANYO (Col Rtd)	Secretary

The Business Centre building on the launch day in February 2013.

Remuneration Committee:

John KLINOGO	**Chairman**
Dr. Patrick ATA	Member
Abdelkabir BENNANI	Member
Kobby ANDAH	Member
Godwyll ANSAH	Secretary

COMPANY SECRETARY

Godwyll ANSAH
P.O. Box C 1541
Cantonments - Accra

REGISTERED OFFICE

C 131/3 Farrar Avenue
P.O. Box C 1541
Cantonments - Accra

AUDITORS

ERNST & YOUNG
Chartered Accountants
G15, White Avenue, Airport Residential Area
P.O. Box KA 16009, Airport, Accra

The cutting of the tape by Mr. Millison NARH, Deputy Governor of the Bank of Ghana to signify the official opening of the Accra Business Centre in Ridge, Accra.

BANKERS

BANK OF GHANA	Ghana
GHANA INTERNATIONAL BANK	London
DZ BANK	Germany
STANDARD CHARTERED BANK	New York
GHANA COMMERCIAL BANK LIMITED	Ghana
COMMERZ BANK	Germany
ECOBANK NIGERIA	Nigeria
DEUTSCHE BANK	New York
FBN UK	London
STANDARD CHARTERED BANK GHANA LIMITED	Ghana
BANK OF BEIRUT	Lebanon
ACCESS BANK, UK	London
BMCE BANK International	Spain
BNP PARIBAS FORTIS	
BOA-BENIN	Benin
BOA-CÔTE D'IVOIRE	Côte d'Ivoire
BOA-FRANCE	France
BOA-KENYA	Kenya
BOA-MALI	Mali
BOA-NIGER	Niger
BOA-TANZANIA	Tanzania

REPORT OF THE DIRECTORS

TO THE MEMBERS OF BANK OF AFRICA – GHANA LIMITED

The Directors have the pleasure in presenting their report and the audited financial statements for the year ended 31 December 2013.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Bank's Directors are responsible under the Companies Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738) for the preparation of the financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit and loss and cash flows for that year. In preparing these financial statements, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are reasonable and prudent; stated whether applicable accounting standards have been followed, disclosed and explained in the financial statements; prepared the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business and that the financial statement is prepared in accordance with International Financial Reporting Standards.

The Directors are responsible for ensuring that the company keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company. The Directors are also responsible for safeguarding the assets of the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES

The principal activities carried out by the Bank during the year under review are within the limits permitted by its regulations which continued to be banking and finance. These represent no change from the activities carried out in the previous year.

OPERATIONAL RESULTS

The results of operations for the year ended 31 December 2013 are set out in the statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows together with notes to the financial statements.

ACTIVITIES

OPERATIONAL RESULTS	2013	2012
	GH¢	GH¢
(LOSS)/PROFIT BEFORE TAXATION	(2,582,186)	2,363,914
CORPORATE TAX CHARGED	(1,167,802)	(218,636)
DEFERRED TAX (EXPENSE)	894,322	(63,895)
(LOSS)/PROFIT AFTER TAX FOR THE YEAR	(2,855,666)	2,081,383
OTHER COMPREHENSIVE	229,926	(17,181)
TOTAL COMPREHENSIVE INCOME/(LOSS)	**(2,625,740)**	**2,064,202**

Members of the Executive Committee and some managers with banners of the 5 product banners in the background at the media launch of the ACAP products.

The Bank incurred a loss after tax of GH¢ 2,625,740 relative to a profit position of GH¢ 2,064,202 in 2012. The total assets of the Bank increased from GH¢ 567,586,383 in 2012 to GH¢ 632,961,530 in 2013, a growth of about 12% as at 31 December 2013.

BREACHES OF THE BANKING ACT

There were three (3) breaches to BoG's prudential guidelines in year 2013:

i. Single obligor limit to one client

ii. Outsourcing of archival service prior to BoG concurrence and

iii. Misreporting on seven customers facilities.

DIVIDEND

The Directors do not recommend the payment of dividends.

AUDITORS

ERNST & YOUNG, having indicated their willingness, continue in office pursuant to Section 134 (5) of the Companies Act, 1963 (Act 179).

DIRECTORS

The present list of members of the Board is shown on page 14.

SIGNED ON BEHALF OF THE BOARD BY:

Kobby ANDAH

Managing Director
24th March 2014

John KLINOGO

Director
24th March 2014

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BANK OF AFRICA – GHANA LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of BANK OF AFRICA – GHANA Limited which comprise the statement of financial position as at 31 December 2013, statement of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information and the Directors' report, as set out on pages 24 to 80.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Bank's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and the Banking Act, 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738) and for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of BANK OF AFRICA – GHANA Limited as at 31 December 2013 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 1963 (Act 179) and the Banking Act 2004 (Act 673) as amended by the Banking (Amendment) Act, 2007 (Act 738).

Children of staff taking part in races during the Family Funday event in December 2013.

Staff's kids queuing to take their gifts from Santa Claus in his grotto during the Family Funday event.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The Companies Act 1963, (Act 179) requires that in carrying out our audit we consider and report on the following matters. We confirm that:

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us; and

iii. The balance sheet (statement of financial position) and the profit and loss account (income statement section of the statement of comprehensive income) of the company are in agreement with the books of account.

The Banking Act 2004 (Act 673), Section 78 (2), requires that we state certain matters in our report. We hereby state that,

i. The accounts give a true and fair view of the state of affairs of the Bank and its results for the period under review;

ii. We were able to obtain all the information and explanation required for the efficient performance of our duties as auditors;

iii. The Banks' transactions are within its powers; and

iv. The Bank has generally complied with the provisions in the Banking Act 2004 (Act 673) and the Banking (Amendment) Act 2007 (Act 738) except the breaches noted in the Directors Report and Note 42 which were rectified at the end of the reporting period.

SIGNED BY PAMELA DES BORDES (ICAG\P\1329)

For and on behalf of ERNST & YOUNG (ICAG/F/2014/126)

Chartered Accountants

Accra, Ghana

24th March 2014

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

BOA GROUP IN 2014

Over 30 years of growth

A presence in 17 countries

430 Branches and 600 ATMs

5,000 Employees of 25 nationalities

5 Economic zones:
WAEMU, ECOWAS, EAC, COMESA, SACD

A leading banking partner,
BMCE Bank, which is part of FinanceCom,
a major Moroccan financial group.

As at 31/03/2014

STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2013

	NOTES	2013	2012
		GH¢	GH¢
INTEREST INCOME	8	80,391,541	62,633,432
INTEREST EXPENSE	9	(48,060,960)	(30,489,006)
NET INTEREST INCOME		**32,330,581**	**32,144,426**
NET FEE AND COMMISSION INCOME	10	11,251,707	11,019,298
OTHER INCOME	12	13,656,391	7,796,788
OPERATING INCOME		**57,238,679**	**50,960,513**
IMPAIRMENT LOSSES ON LOANS AND ADVANCES	21 (C)	(18,884,032)	(14,252,053)
OPERATING EXPENSES	13	(40,936,833)	(34,344,545)
(LOSS)/PROFIT BEFORE TAXATION		**(2,582,186)**	**2,363,914**
TAXATION	15 (A)	(273,480)	(282,531)
(LOSS)/PROFIT FOR THE YEAR		**(2,855,666)**	**2,081,383**
OTHER COMPREHENSIVE INCOME			
ITEMS THAT WILL SUBSEQUENTLY BE RECLASSIFIED TO PROFIT AND LOSS			
NET GAIN/(LOSS) ON AVAILABLE-FOR-SALE INVESTMENTS	16	229,926	(17,181)
TOTAL COMPREHENSIVE INCOME		**(2,625,740)**	**2,064,202**
EARNINGS PER SHARE			
BASIC EARNINGS/(LOSS) PER SHARE	17	(0.029)	0.027
DILUTED EARNINGS/(LOSS) PER SHARE	17	(0.029)	0.027

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	NOTES	2013	2012
		GH¢	GH¢
ASSETS			
CASH AND BALANCES WITH BANK OF GHANA	18	60,888,701	51,069,089
INVESTMENT IN GOVERNMENT SECURITIES:			
- AVAILABLE-FOR-SALE INVESTMENTS	19 (A)	98,895,515	64,736,569
- HELD-TO-MATURITY INVESTMENTS	19 (B)	32,291,374	25,591,441
- AVAILABLE-FOR-SALE PLEDGED AS COLLATERAL	19 (C)	8,000,000	25,477,074
- HELD-TO-MATURITY PLEDGED AS COLLATERAL	19 (D)	800,000	38,902,500
DEPOSITS AND BALANCES DUE FROM BANKING INSTITUTIONS	20	58,569,978	24,193,967
LOANS AND ADVANCES TO CUSTOMERS	21 (A)	334,015,917	305,099,221
OTHER ASSETS	22	28,228,565	21,724,576
DEFERRED TAX ASSETS	15 (C)	25,384	-
CURRENT INCOME TAX ASSET	15 (D)	960,303	1,561,705
PROPERTY, PLANT AND EQUIPMENT	23	7,040,882	5,711,222
INTANGIBLE ASSETS	24	2,091,542	2,337,937
OPERATING LEASE PREPAID	25	1,153,369	1,181,082
TOTAL ASSETS		**632,961,530**	**567,586,383**
LIABILITIES			
CUSTOMER DEPOSITS	26	400,858,478	364,043,606
DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS	27	5,972,501	84,529,200
INTEREST PAYABLE AND OTHER LIABILITIES	28	39,989,610	17,149,826
BORROWINGS	29	103,494,166	39,306,576
DEFERRED TAX LIABILITIES	15 (C)	-	784,660
TOTAL LIABILITIES		**550,314,755**	**505,813,868**
CAPITAL RESOURCES			
STATED CAPITAL	30	100,960,828	77,460,828
RETAINED DEFICIT		(55,046,846)	(35,160,611)
AVAILABLE-FOR-SALE RESERVE		212,745	(17,181)
CREDIT RISK RESERVE		27,661,656	10,631,087
STATUTORY RESERVE		8,858,392	8,858,392
SHAREHOLDERS' FUNDS		**82,646,775**	**61,772,515**
TOTAL LIABILITIES AND SHAREHOLDERS' FUNDS		**632,961,530**	**567,586,383**

The financial statements on pages 28 to 80 were approved by the Board of Directors on 24th March 2014 and were signed on its behalf by:

Kobby ANDAH
Managing Director

John KLINOGO
Director

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2013

	STATED CAPITAL	INCOME SURPLUS	CREDIT RISK RESERVE	STATUTORY RESERVE	AVAILABLE FOR SALE RESERVE	TOTAL
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
2013						
AT 1 JANUARY 2012	**77,460,828**	**(35,160,611)**	**10,631,087**	**8,858,392**	**(17,181)**	**61,772,515**
LOSS FOR THE YEAR	-	(2,855,666)	-	-	-	(2,855,666)
OTHER COMPREHENSIVE INCOME	-	-	-	-	229,926	229,926
TOTAL COMPREHENSIVE INCOME	-	(2,855,666)			229,926	(2,625,740)
ADDITIONAL CAPITAL INVESTED	23,500,000	-	-	-	-	23,500,000
TRANSFER TO CREDIT RESERVE	-	(17,030,569)	17,030,569	-	-	
TRANSFER TO STATUTORY RESERVE	-	-	-	-	-	-
AT 31 DECEMBER 2013	**100,960,828**	**(55,046,846)**	**27,661,656**	**8,858,392**	**212,745**	**82,646,775**
2012						
AT 1 JANUARY 2011	**60,460,828**	**(31,838,216)**	**6,268,000**	**7,817,701**	**-**	**42,708,313**
PROFIT FOR THE YEAR	-	2,081,383	-	-	-	2,081,383
OTHER COMPREHENSIVE INCOME	-	-	-	-	(17,181)	(17,181)
TOTAL COMPREHENSIVE INCOME	-	2,081,383	-	-	(17,181)	2,064,202
ADDITIONAL CAPITAL INVESTED	17,000,000	-	-	-	-	17,000,000
TRANSFER TO CREDIT RESERVE	-	(4,363,087)	4,363,087	-	-	
TRANSFER TO STATUTORY RESERVE	-	(1,040,691)	-	1,040,691	-	-
AT 31 DECEMBER 2012	**77,460,828**	**(35,160,611)**	**10,631,087**	**8,858,392**	**(17,181)**	**61,772,515**

STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2013

	NOTES	2013	2012
		GH¢	GH¢
OPERATING ACTIVITIES			
CASH GENERATED/(UTILISED) FROM OPERATIONS	33 (A)	(39,167,718)	(29,412,357)
INVESTING ACTIVITIES			
PURCHASE OF PROPERTY AND EQUIPMENT	23 (A)	(3,325,090)	(2,335,244)
PURCHASE OF INTANGIBLE ASSETS		(1,073,029)	(2,340,502)
PROCEEDS FROM DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	23 (B)	73,870	526,262
NET CASH USED IN INVESTING ACTIVITIES		**(4,324,249)**	**(4,149,484)**
FINANCING ACTIVITIES			
PROCEEDS FROM ISSUE OF SHARES		23,500,000	17,000,000
BORROWINGS CONTRACTED/(REPAID)		64,187,590	(3,281,526)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**87,687,590**	**13,718,474**
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		44,195,623	(19,843,367)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		75,263,056	95,106,423
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**33 (B)**	**119,458,679**	**75,263,056**

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2013

1. REPORTING ENTITY

BANK OF AFRICA – GHANA Limited (BOA-GHANA) is a financial institution incorporated in Ghana. The registered office of the Bank is at 131/3 Farrar Avenue, Accra. The Bank operates under the Banking Act, 2004 [Act 673] and the Banking [Amendment] Act, 2007 [Act 738].

The Bank is a subsidiary of BOA WEST AFRICA which is a holding company incorporated in Côte d'Ivoire. Its ultimate parent is BOA GROUP S.A. incorporated and based in Luxemburg with operating offices in Senegal, Mali and Benin.

2. BASIS OF PREPARATION

2.1 PRESENTATION OF FINANCIAL STATEMENTS

The Bank presents its statement of financial position broadly in order of liquidity. Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Bank.
The financial statements have been prepared in Ghana Cedis (GH¢) and under the historical cost convention (unless otherwise stated).

2.2 STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as issued by the International Accounting Standards Board [IASB].

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Bank based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur.

Impairment losses on loans and advances

The Bank reviews its individually significant loans and advances at each statement-of-financial-position date to assess whether an impairment loss should be recorded in the income statement. In particular, management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors described in the next paragraph and actual results may differ, resulting in future changes to the allowance.

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence, but the effects of which are not yet evident. The collective assessment takes account of data from the loan portfolio (such as levels of arrears, credit utilisation, loan-to-collateral ratios, etc.), and judgements on the effect of concentrations of risks and economic data (including levels of unemployment, real estate prices indices, country risk and the performance of different individual groups).

In terms of individual assessment, the trigger point for impairment is formal classification of an account as exhibiting serious financial problems and where any further deterioration is likely to lead to failure. For all loans that are considered individually significant, the Bank assesses on a case-by-case basis at each reporting date whether there is any objective evidence that a loan is impaired. For those loans where objective evidence of impairment exists, impairment losses are determined considering the following factors:

(i) significant financial difficulty of the issuer or obligor;

(ii) a breach of contract, such as a default or delinquency in interest or principal payments;

(iii) the Bank, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the Bank would not otherwise consider;

(iv) it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

(v) the disappearance of an active market for that financial asset because of financial difficulties observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(a) adverse changes in the payment status of borrowers in the portfolio; and

(b) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.
The impairment loss on loans and advances is disclosed in more detail in Note 21 (A) and 21 (D).

Impairment of available-for-sale investments

The Bank reviews its debt securities classified as available-for-sale investments at each reporting date to assess whether they are impaired. This requires similar judgement as applied to the individual assessment of loans and advances.

The Bank also records impairment charges on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is 'significant' or 'prolonged' requires judgement. The Bank treats 'significant' generally as 20% and 'prolonged' generally as greater than six months. In making this judgement, the Bank evaluates, among other factors, historical share price movements and duration and extent to which the fair value of an investment is less than its cost.

Deferred tax assets

Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that future taxable profit will be available against which the losses can be utilised. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax-planning strategies. Tax losses can be used indefinitely. See Note 15 for deferred tax assets disclosure.

Going concern

The Bank's management has made an assessment of its ability to continue as a going concern which assumes that it will be able to continue operation into the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of business. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs such as volatility and discount rates, prepayment rates and default rate assumptions for asset-backed securities. The valuation of financial instruments is described in more detail in Note 43 (A).

Property, plant and equipment and Intangible asset

Critical judgments are utilised in determining amortisation rates and useful lives of these assets and in calculating the amount of interest to capitalise against projects in progress at the end of the period is described in more detail in Note 23 and 24.

3.2 INTEREST INCOME AND EXPENSE

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated as fair value through profit and loss are recognised within interest income and interest expense in the Statement of comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset and liability and is not revised subsequently. Interest income includes interest on loans and advances and placements with other Banks, and is recognised in the period in which it is earned.

3.3 FEES AND COMMISSION

Unless included in the effective interest calculation, fees and commissions are recognised on an accruals basis when the service has been provided. Fees and commissions not integral to the effective interest arising from negotiating, or participating in the negotiation of a transaction from a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts.

Commitment fees, together with related direct costs, for loan facilities where draw down is probable are deferred and recognised as an adjustment to the effective interest on the loan once drawn. Other commitment fees are recognised over the term of the facilities.

Loan syndication fees are recognised as revenue when the syndication has been completed and the Bank has retained no part of the loan package for itself or has retained a part at the same effective rate as the other participants.

3.4 COMPUTER SOFTWARE DEVELOPMENT COSTS

Generally, costs associated with developing computer software programmes are recognised as an expense when incurred. However, costs that is clearly associated with an identifiable and unique product which will be controlled by the Bank and has a probable economic benefit exceeding the cost beyond one year, are recognised as an intangible asset.

Expenditure which enhances and extends computer software programmes beyond their original specifications and useful lives is recognised as a capital improvement and added to the original costs of the software. Computer software development costs recognised as assets are stated at cost less amortisation. Amortisation is calculated on a straight line basis over a period of 5 years.

3.5 FOREIGN CURRENCIES

Assets and liabilities expressed in foreign currencies are translated into Ghana Cedis at the rates of exchange ruling at the reporting date. Transactions during the year are translated at the rates ruling at the dates of the transactions. Gains or losses on exchange are recognised in the profit and loss.

Transactions in foreign currencies are initially recorded by the Bank at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.
Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

The source of the Bank's exchange rates is the Ghana Association of Bankers as published on the Bank of Ghana Website.

3.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment loss. Cost comprises the cost of acquisition and costs directly related to the acquisition up until the time when the asset is ready for use.

Replacement or major inspection costs are capitalised when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

The depreciation base is determined as cost less any residual value. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets and begins when the assets are ready for use.

The assets' residual values, and useful lives and method of depreciation are reviewed and adjusted, if appropriate, at each financial year end and adjusted prospectively, if appropriate.
Impairment reviews are performed when there are indicators that the carrying value may not be recoverable. Impairment losses are recognised in profit and loss as an expense. The estimated useful lives of the major asset categories are:

Class of Assets	Depreciation rate
Building on short term leasehold land	Over the remaining period of the lease
Computers	25% - 33.3%
Motor vehicles	20% - 25%
Equipments, furniture and fittings	15 - 20%

An item of property and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year the asset is derecognised.

3.7 IMPAIRMENT OF NON-FINANCIAL ASSETS

Property, plant and equipment and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. For the purpose of measuring recoverable amounts, assets are compared at the lowest levels for which there are separately identifiable cash-generating units (CGUs). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGUs). An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount.

The Bank evaluates impairment losses for potential reversals when events or circumstances may indicate such consideration is appropriate. The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

3.8 EMPLOYEE BENEFITS

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave accrued at the balance sheet date.
The Bank operates a defined contribution for its employees. The assets of these schemes are held in separate trustee administered funds. The schemes are funded by contributions from both the employees and employer. Benefits are paid to retiring staff in accordance with the scheme rules.

The Bank also contributes to the statutory Social Security and National Insurance Trust (SSNIT). This is a defined contribution scheme registered under the National Pensions Act, 2008 Act 766. The Bank's obligations under the scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of 13% of an employee's basic salary per month. The Bank's obligations to staff retirement benefit schemes are charged to profit or loss in the year to which they relate.

3.9 TAXATION

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Current income tax assets and liabilities also include adjustments for tax expected to be payable or recoverable in respect of previous periods.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income and not in profit or loss.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Current tax and deferred tax relating to items recognised directly in equity are also recognised in equity and not in the income statement.
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.10 LEASING

The determination of whether an arrangement is a lease, or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Bank as a lessee

Leases that do not transfer to the Bank substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term. Contingent rental payable is recognised as an expense in the period in which they are incurred.

Bank as a Lessor

Leases where the Bank does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Contingent rents are recognised as revenue in the period in which they are earned.

3.11 CASH AND CASH EQUIVALENTS

For the purposes of the statement of cashflows, cash equivalents include short term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from Banks repayable within three months from the dates of the advances.

3.12 FINANCIAL ASSETS AND LIABILITIES

All financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

On initial recognition, financial assets are classified into fair value through profit or loss, available-for-sale financial assets, held-to-maturity investments or loans and receivables.

Financial liabilities such as customer deposits, due to banks and other financial institutions and long term borrowings are measured at amortised cost, except for trading liabilities and other financial liabilities designated at fair value through profit or loss on initial recognition which are held at fair value. Purchases and sales of securities and other financial assets and trading liabilities are recognised on trade date, being the date that the Bank is committed to purchase or sell an asset.

Financial assets are derecognised when the contractual right to receive cash flows from those assets has expired or when the Bank has transferred its contractual right to receive the cash flows from the assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired.

- The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
- The Bank has transferred substantially all the risks and rewards of the asset; or
- The Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Bank's continuing involvement in the asset. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities are derecognised when they are extinguished (ie when the obligation is discharged), cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Financial instruments at fair value through profit or loss

Financial instruments are classified at fair value through profit or loss where they are trading securities or where they are designated at fair value through profit or loss by management.
Trading securities are debt securities and equity shares acquired principally for the purpose of selling in the short term or which are part of a portfolio which is managed for short-term gains. Such securities are classified as trading securities and recognised in the statement of financial position at their fair value. Gains and losses arising from changes in their fair value are recognised in the profit or loss within net operating income in the period in which they occur.

Other financial assets and liabilities at fair value through profit or loss are designated as such by management upon initial recognition. Such assets and liabilities are carried in the statement of financial position at their fair value and gains and losses arising from changes in fair are recognised in the income statement within net trading income in the period in which they occur. The client currently has no financial assets and liabilities through profit and loss.

Available-for-sale financial assets

Investments in Government Securities that are not classified as trading securities, at fair value through profit or loss, held-to-maturity investments or as loans and receivables are classified as available-for-sale financial assets and are recognised in the statement of financial position at their fair value, inclusive of transaction costs. Available-for-sale financial assets are those intended to be held for an indeterminate period of time and may be sold in response to needs for liquidity or changes in interest rates or exchange rates. Gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised directly in other comprehensive income, until the financial asset is either sold, becomes impaired or matures, at which time the cumulative gain or loss previously recognised in other comprehensive income is recognised in the income statement. Interest calculated using the effective interest method and foreign exchange gains and losses on debt securities denominated in foreign currencies are recognised in profit or loss.

For available-for-sale financial investments, the Bank assesses at each reporting date whether there is objective evidence that an investment is impaired. In the case of debt instruments classified as available-for-sale, the Bank assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortised cost.

However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

The interest income is recorded as part of Interest income. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to a credit event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

In the case of equity investments classified as available-for-sale, objective evidence would also include a 'significant' or 'prolonged' decline in the fair value of the investment below its cost. The Bank treats 'significant' generally as 20% and 'prolonged' generally as greater than six months. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in the fair value after impairment are recognised in other comprehensive income.

Loans and receivables

Loans and receivables include loans and advances to banks and customers and eligible assets including those transferred into this category out of the fair value through profit or loss or available-for-sale financial assets categories. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included in finance income in the income statement. Losses arising from impairment are recognised in the income statement in impairment losses on loans and advances.

Loans and receivables are initially recognised when cash is advanced to the borrowers at fair value inclusive of transaction costs or, for eligible assets transferred into this category, their fair value at the date of transfer. Financial assets classified as loans and receivables are accounted for at amortised cost using the effective interest method less provision for impairment.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity.

These are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method, less any provision for impairment.

Deposits and balances due from banking institutions and loans and advances to customers

Financial assets, 'Deposits and balances due from banking institutions' and 'Loans and advances to customers' include non–derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- Those that the Bank intends to sell immediately or in the near term and those that the Bank, upon initial recognition, designates as at fair value through profit or loss;
- Those that the Bank, upon initial recognition, designates as available-for-sale;
- Those for which the Bank may not recover substantially all of its initial investment, other than because of credit deterioration.

After initial measurement, Deposits and balances due from banking institutions and Loans and advances to customers are subsequently measured at amortised cost using the EIR, less allowance for impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in Interest income in the income statement. The losses arising from impairment are recognised in the income statement in impairment losses on loans and advances. The Bank may enter into certain lending commitments where the loan, on drawdown, is expected to be classified as held for trading because the intent is to sell the loans in the short term. Where the loan, on drawdown, is expected to be retained by the Bank, and not sold in the short term, the commitment is recorded only when it is an onerous contract that is likely to give rise to a loss (e.g., due to a counterparty credit event).

Impairment of financial assets

The Bank assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will not be able to honour their debt or enter into other financial reorganisation; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Bank considers evidence of impairment at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are then collectively assessed for impairment together with financial assets with similar risk characteristics. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of Interest income.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Bank. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write–off is later recovered, the recovery is credited to the 'Credit loss expense'.

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Bank's internal credit grading system, that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past–due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.

Determining fair value

The Bank measures financial instruments, such as, available-for-sale financial assets at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Bank. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy disclosed in Note 43.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the Statement of financial position. There has been no offsetting of financial instruments during the year.

3.13 WRITE OFFS

A loan or advance is normally written off, either partially or in full, against the related allowance when the proceeds from realising any available security have been received or there is no realistic prospect of recovery and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses recorded in the income statement for both secured and unsecured. Refer to impairment of financial assets for how the amount of impairment loss is measured.

3.14 RENEGOTIATED LOANS

Loans that are either subject to collective or individual impairment and whose term has been renegotiated are initially put on a watch list for a minimum of six (6) months. Subject to the performance of the facility, it may be reclassified as a performing facility.

Renegotiating of loans involves extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms and the loan is no longer considered past due. Management continually reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original EIR.

3.15 CONTINGENT LIABILITIES

Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or those present obligations where the outflows of resources are uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the financial statements but are disclosed unless they are remote.

3.16 CREDIT RISK RESERVE

IAS 39 requires the Bank to recognise an impairment loss when there is objective evidence that loans and advances are impaired. However, the Bank of Ghana (BoG) prudential guidelines require the Bank to set aside amounts for impairment losses on loans and advances in addition to those losses that have been recognised under IAS 39. Any such amounts set aside represent appropriations of retained earnings and not expenses in determining profit or loss. These amounts are dealt with in the statutory credit reserve. The provision for this additional impairment amounts is to be made only when impairment amounts provided under IFRS rules is lower than the figure to be provided under BoG Prudential Guidelines.

3.17 STATUTORY RESERVE

This is an accumulation of transfers from profit for the year in accordance with section 29 of the Banking Act.

3.18 FINANCIAL GUARANTEES

In the ordinary course of business, the bank gives financial guarantees, consisting of letters of credit and guarantees. Financial guarantees are initially recognised in the financial statements (within 'Other liabilities') at fair value, being the commission received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee. Any increase in the liability relating to financial guarantees is recorded in the income statement in 'impairment loss expense'. The premium received is recognised in the income statement on a straight line basis over the life of the guarantee.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Bank's financial statements are disclosed below. The Bank intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB is addressing hedge accounting and impairment of financial assets and hence the effective date of IFRS 9 has been deferred as the date has not yet been finalised. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Bank's financial assets, but will not have an impact on classification and measurements of the Bank's financial liabilities. The Bank will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. This amendment is not expected to have any impact on the Bank.

IAS 32 Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These are effective for annual periods beginning on or after 1 January 2014. These amendments are not expected to be relevant to the Bank.

IFRIC Interpretation 21 Levies (IFRIC 21)

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014. The Bank does not expect that IFRIC 21 will have material financial impact in future financial statements.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after 1 January 2014. The Bank has no derivatives. However, these amendments would be considered for future novations.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36 Impairment of Assets

These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided IFRS 13 is also applied. This amendment has no impact on the Bank.

5. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The Bank applied for the very first time certain standards and amendments. These include: IFRS 13 Fair Value Measurement and IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1.
Several other new and amended standards apply for the first time in 2013 including: IFRS 10 Consolidated Financial Statements; IFRS 11 Joint Arrangements; IFRS 12, disclosure of Interests in Other Entities; IAS 1 Clarification of the requirement for comparative information; and IAS 19 Employee Benefits. However, they do not impact on the annual financial statements of the Bank.
The nature and the impact of each new standard and amendments are described below:

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the Bank re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurement of liabilities. IFRS 13 also requires additional disclosures. Application of IFRS 13 has not materially impacted the fair value measurements of the Bank. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 43.

IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to IAS 1

The amendments to IAS 1 introduce a grouping of items presented in OCI. Items that will be reclassified ('recycled') to profit or loss at a future point in time (e.g., net loss or gain on AFS financial assets) have to be presented separately from items that will not be reclassified (e.g., revaluation of land and buildings, unrecognised actuarial gains or losses). The amendments affect presentation only and have no impact on the Bank's financial position or performance.

6. RISK MANAGEMENT

Introduction and overview

Taking risk is core in the business of Banking. In the performing of its statutory duties, the Bank analyses, evaluates and assumes positions of taking calculated risks. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on its financial performance. The most important types of risk faced by the Bank include:

- Credit Risk
- Liquidity Risk
- Market Risk (i.e. risk related to currency trading, interest rate and other price risk)
- Operational Risk
- Compliance Risk

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established a Risk and Compliance Committee for the management of risk in the Bank. The arm of the Committee within management is the Risk Management Department which assists it in the discharge of this responsibility. The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

Through the compliance department, the Bank ensures it complies with all prudential and regulatory guidelines in the pursuit of profitable Banking opportunities while avoiding excessive, unnecessary and uncontrollable risk exposures. Being an inherent feature in the business of the Bank, various mitigating measures are put in place to better manage risk.

All risk management policies are formulated at the board level through the Board Committee Risk and Compliance. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations. The Risk and Compliance Committee is responsible among other things for authorising the scope of the risk management function and renewing and assessing the integrity of the risk control systems, ensuring that the risk policies and strategies are effectively managed.

Credit Risk

Credit risk is the risk of potential financial loss to the Bank if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other Banks as well as investment securities. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure.

Ageing analysis of past due but not impaired gross financial instruments

The following table provides an analysis of gross loans and advances to customers held at amortised cost which are past due but not considered impaired. There are no other significant balance sheet items where past due balances are not considered impaired.

	UP TO 90-DAYS	UP TO 180-DAYS	TOTAL
AS AT 31 DECEMBER 2013	**10,457,965**	**1,610,137**	**12,068,102**
AS AT 31 DECEMBER 2012	7,647,988	2,168,342	9,816,330

Management of Credit Risk

The Board Risk and Compliance Committee manages the risk of the Bank with the assistance of two management committee namely management, Credit Approval Committee and the Management Risk and Compliance Committee. While the Credit Approval Committee manages credit assessments and approvals, the Risk and Compliance Committee oversees the enterprise-wide risk of the Bank.

The Board Risk and Compliance Committee fundamentally:

- Sets out the nature, role, responsibility and authority of the risk management function within the Bank and outlines the scope of the risk.
- Reviews and assesses the integrity of the risk control systems and ensures that the risk policies and strategies are effectively managed.
- Provides an independent and objective oversight and reviews the information presented by management and the Audit Committee to the Board on financial, business and strategic risk issues.
- Adopts the principles of governance and codes of best practice.
- Reviews the decision of the Management Credit Approval Committee and Asset-Liability Management Committee (ALCO) on a quarterly basis, to determine the maximum mandate levels for the various credit sanctioning bodies.

The Purpose of the Board Risk and Compliance Committee is to:

- Oversee the credit risk function of the Bank to ensure a healthy credit portfolio.
- Ensure that the Bank exercise due care in the use of credit authority.
- Approve/decline credit applications above country limit of the Management Credit Approval Committee.
- Sets and determines the Bank's credit policy and general risk climate of the Bank.
- Review on regular basis the monitoring of policy compliance, compliance of portfolio against standards and recommend for appropriate action to be taken.
- Ensure key triggers are kept under review and stress tests on the portfolio conducted whenever significant changes occur or are anticipated.
- Agree portfolio targets, industry and credit grading concentrations.
- Determine in tandem with ALCO, market and product pricing based on risk adjusted return.
- Ensure compliance with regulatory requirements in credit delivery.

Maximum exposure to credit risk

ON-STATEMENT OF FINANCIAL POSITION ITEMS		2013 GH¢	2012 GH¢
A) GOVERNMENT SECURITIES		**139,986,889**	**154,707,584**
B) DEPOSITS AND BALANCES DUE FROM BANKING INSTITUTIONS			
	LOCAL	27,730,089	1,028,957
	FOREIGN	30,839,889	23,165,010
TOTAL		**58,569,978**	**24,193,967**
C) LOANS AND ADVANCES TO CUSTOMERS			
INDIVIDUALS:			
	OVERDRAFT	2,415,462	4,479,160
	TERM LOAN	22,153,180	20,166,320
TOTAL		**24,568,642**	**24,645,480**
CORPORATE ENTITIES:			
	OVERDRAFT	84,078,944	103,483,767
	TERM LOAN	309,204,932	240,473,857
TOTAL		**393,283,876**	**343,957,624**
GROSS LOANS AND ADVANCES (INCLUDING SUSPENDED INTEREST)		**417, 852,518**	**368,603,104**
D) OTHER ASSETS			
	INTER BANK CLEARING ITEMS	16,566,657	7,567,341
	OTHERS	11,661,908	14,157,235
TOTAL		**28,228,565**	**21,724,576**
OFF STATEMENT OF FINANCIAL POSITION ITEMS			
	LETTERS OF CREDIT	25,890,743	60,887,758
	LETTERS OF GUARANTEE	19,123,117	20,786,338
TOTAL		**45,013,860**	**81,674,096**

The Bank doesn't perceive any significant credit risk on the following financial assets:

- Investments in Government securities and balances with the Central Bank of Ghana.
- Deposits and balances due from banking institutions.
- Off statement of financial position items.

The table below represents the maximum credit risk exposure to the Bank at 31 December 2013, and after taking into account provision for impairment.

2013

LOANS AND ADVANCES TO CUSTOMERS

		GROSS AMOUNTS*	IMPAIRMENT ALLOWANCES	NET AMOUNTS	
		GH¢	GH¢	GH¢	%
	PAST DUE AND IMPAIRED	76,568,710	37,765,127	38,803,583	21%
	PAST DUE BUT NOT IMPAIRED	12,068,102	-	12,068,102	3%
	NEITHER PAST DUE NOR IMPAIRED	283,144,232	-	283,144,232	76%
TOTAL		**371,781,044**	**37,765,127**	**334,015,917**	**100%**

2012

LOANS AND ADVANCES TO CUSTOMERS

		GROSS AMOUNTS*	IMPAIRMENT ALLOWANCES	NET AMOUNTS	
		GH¢	GH¢	GH¢	%
	PAST DUE AND IMPAIRED	75,926,051	36,441,156	38,394,192	22%
	PAST DUE BUT NOT IMPAIRED	9,816,330	-	9,816,330	3%
	NEITHER PAST DUE NOR IMPAIRED	255,797,996	-	255,797,996	75%
TOTAL		**341,540,377**	**36,441,156**	**305,099,221**	**100%**

Each business unit is required to implement the Bank's credit policies and procedures, with credit approval authorities delegated from the Board. Each business unit has a Relationship Officer who reports all credit related matters to Management Credit Committee on a monthly basis. There is also a Credit Risk and Monitoring Unit under the Risk department that continuously tracks and monitors the performance of each credit facility and prompts the Relationship Officers and Managers concern on all sticky accounts.

The non-performing loan (NPL) ratio at the end of year 2013 was 21% (2012: 22%).

Impaired loans

Impaired loans and securities are loans and securities for which the Bank determines that it is probable it will be unable to collect all principal and interest due according to the contractual terms of the loan / security agreement(s). These loans are graded "Extreme" which is 9 -10 in the Bank's internal credit risk grading system.

Past due but not impaired loans

Past due but not impaired facilities are loans and advances where contractual interest or principal payments are past due but the Bank believes that impairment is not appropriate on the basis of the level of security / collateral available and / or the stage of collection of amounts owed to the Bank.

(*) excluding interest in suspense

Loans with renegotiated terms
Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Bank has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

Allowances for impairment
The Bank establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for banks of homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

Write-off policy
The Bank writes off a loan / security balance (and any related allowances for impairment losses) when the Credit department determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balance standardised loans, charge off decisions generally are based on a product specific past due status.

Collateral held
The Bank holds collateral against loans and advances to customers in the form of cash, mortgage interests over property, other registered securities over assets, and guarantees. The collateral normally takes the form of a lien over the customer's assets and gives the Bank a claim on these assets for both existing and future liabilities incurred by the customer. These collaterals cannot be sold or pledged while there is no default.

Collateral received in the form of securities is not recorded on the statement of financial position. Collateral received in the form of cash is recorded on the statement of financial position with a corresponding liability. These items are assigned to deposits received from banks or other counterparties. Any interest payable or receivable arising is recorded as interest expense or interest or income.

Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired.

An estimate of the fair value of collateral and other security enhancements held against financial assets is shown below:

	2013	2012
LOANS AND ADVANCES TO CUSTOMERS	GH¢	GH¢
AGAINST INDIVIDUALLY IMPAIRED	55,474,307	30,518,641
AGAINST NEITHER PAST DUE NOR IMPAIRED	386,920,057	351,049,927
TOTAL	**442,394,364**	**381,568,568**

Concentrations of risk

The Bank monitors concentration of credit risk by sector. An analysis of concentrations of credit risk at the reporting date is shown below:

	2013		2012	
	GH¢	%	GH¢	%
ADVANCES TO CUSTOMERS - GROSS				
AGRICULTURE	2,337,601	0.56%	3,332,310	0.90%
MANUFACTURING	20,249,068	4.85%	25,302,100	6.86%
COMMERCE & FINANCE	99,217,025	23.74%	81,394,487	22.08%
TRANSPORT & COMMUNICATIONS	29,096,427	6.96%	27,678,132	7.51%
MINING AND QUARRYING	39,610,847	9.48%	35,253,045	9.56%
BUILDING & CONSTRUCTION	81,738,999	19.56%	84,728,286	22.99%
SERVICES	45,761,517	10.95%	81,309,594	22.06%
ELECTRICITY, OIL, GAS, ENERGY AND WATER	70,465,035	16.86%	15,163,414	4.11%
OTHERS	29,375,997	7.03%	14,441,735	3.92%
TOTAL	**417,852,517**	**100%**	**368,603,104**	**100%**

	2013		2012	
	GH¢	%	GH¢	%
OFF STATEMENT OF FINANCIAL POSITION ITEMS (LETTERS OF CREDIT AND GUARANTEES)				
AGRICULTURE	301,822	0.67%	788,364	0.97%
MANUFACTURING	2,146,365	4.77%	5,956,372	7.29%
COMMERCE & FINANCE	5,638,320	12.53%	15,985,174	19.57%
TRANSPORT & COMMUNICATIONS	3,284,461	7.30%	6,282,847	7.69%
MINING AND QUARRYING	4,117,145	9.15%	7,661,276	9.38%
BUILDING & CONSTRUCTION	9,055,470	20.12%	18,773,869	22.99%
SERVICES	4,964,736	11.03%	19,666,364	24.08%
ELECTRICITY, OIL, GAS, ENERGY AND WATER	12,590,964	27.97%	3,359,869	4.11%
OTHERS	2,914,578	6.47%	3,199,961	3.92%
TOTAL	**45,013,860**	**100%**	**81,674,097**	**100%**

Settlement risk

The Bank's activities may give rise to risk at the time of settlement of transactions and trades. Settlement risk is the risk of loss due to the failure of a company to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions, the Bank mitigates this risk by conducting settlements through a settlement / clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval / limit monitoring process described earlier. Acceptance of settlement risk on free settlement trades requires transaction specific or counterparty specific approvals from the Bank's risk function.

Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk arises because of the possibility that the bank might be unable to meet its payment obligations when they fall due under both normal and stress circumstances.

Management of liquidity risk

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation.

To limit this risk, the Bank has developed internal control processes through its treasury department which maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Bank as a whole. The Bank also maintains a statutory deposit with the Central Bank of Ghana which is equal to 10% of customer deposits.

Exposure to liquidity risk

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalents and investments in government securities for which there is an active and liquid market less any deposits from banks, debt securities issued, other borrowings and commitments maturing within the next month. Details of the reported Bank ratio of net liquid assets to deposits and balances due to banking institutions and customer deposits at the reporting date and during the reporting period were as follows:

AT 31 DECEMBER	2013	2012
AVERAGE FOR THE PERIOD	9%	9%
MAXIMUM FOR THE PERIOD	12%	10%
MINIMUM FOR THE PERIOD	9%	9%
STATUTORY MINIMUM REQUIREMENT	9%	9%

Residual contractual maturities of financial liabilities

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities by the remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Bank manages the inherent liquidity risk based on expected undiscounted inflows.

Maturity analysis of financial assets and financial liabilities

2013	CARRYING AMOUNT	UP TO 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	TOTAL
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
FINANCIAL LIABILITIES						
CUSTOMER DEPOSITS	400,858,478	179,587,583	43,300,021	186,869,418	-	409,757,022
DEPOSITS AND BALANCES DUE TO BANKING INSTITUTIONS	5,972,501	5,972,501	-	-	-	5,972,501
BORROWINGS	103,494,166	1,333,949	42,657,013	68,425,234	-	112,416,196
OTHER LIABILITIES	39,989,610	1,381,224	3,222,856	5,064,489	32,145,159	41,813,728
TOTAL FINANCIAL LIABILITIES	**550,314,755**	**188,275,257**	**89,179,890**	**260,359,141**	**32,145,159**	**569,959,447**
FINANCIAL ASSETS						
CASH AND BALANCES WITH CENTRAL BANK OF GHANA	60,888,701	60,888,701	-	-	-	60,888,701
INVESTMENT IN GOVERNMENT SECURITIES	139,986,889	20,177,364	862,854	98,763,178	38,025,494	157,828,890
DEPOSITS AND BALANCES DUE FROM BANKING INSTITUTIONS	13,984,378	13,984,378	-	-	-	13,984,378
INTER-BANK PLACEMENTS	44,585,600	33,777,600	-	12,429,200	-	46,206,800
LOANS AND ADVANCES TO CUSTOMERS	334,015,917	96,346,603	24,852,348	47,838,800	196,900,710	365,938,461
OTHER ASSETS	23,369,723	19,360,477	1,754,045	1,440,822	1,152,658	23,708,002
TOTAL FINANCIAL ASSETS	**616,831,208**	**244,535,123**	**27,469,247**	**160,472,000**	**236,078,862**	**668,555,232**
NET LIQUIDITY GAP	**66,516,453**	**56,259,866**	**(61,710,643)**	**(99,887,141)**	**203,933,703**	**98,595,785**

The balances in the above table will not agree directly to the balances in the statement of financial position as the table incorporates all cash flows (both principal and interest), on an undiscounted basis.

Maturity analysis of financial assets and financial liabilities (continued)

2012	CARRYING AMOUNT	UP TO 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	TOTAL
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
FINANCIAL LIABILITIES						
CUSTOMER DEPOSITS	364,043,606	101,366,555	108,021,962	153,293,559	9,094,284	371,776,360
DEPOSITS AND BALANCES DUE TO BANKING INSTITUTIONS	84,529,200	24,791,245	31,660,362	32,289,232	-	88,740,839
BORROWINGS	39,306,576	28,269,000	-	-	12,985,384	41,254,384
OTHER LIABILITIES	17,149,826	5,976,757	5,082,567	5,016,685	1,682,867	17,758,876
TOTAL FINANCIAL LIABILITIES	**505,029,208**	**160,403,557**	**144,764,891**	**190,599,476**	**23,762,535**	**519,530,459**
FINANCIAL ASSETS						
CASH AND BALANCES WITH CENTRAL BANK OF GHANA	51,069,089	51,069,089	-	-	-	51,069,089
GOVERNMENT SECURITIES AND OTHER INVESTMENTS	154,707,584	27,942,391	524,131	110,677,514	34,499,708	173,643,744
DEPOSITS AND BALANCES DUE FROM BANKING INSTITUTIONS	24,193,967	24,193,967	-	-	-	24,193,967
LOANS AND ADVANCES TO CUSTOMERS	305,099,221	46,652,956	42,218,072	76,007,390	172,655,031	337,533,449
OTHER ASSETS	16,066,442	9,833,401	1,869,912	3,942,399	1,075,199	16,720,911
TOTAL FINANCIAL ASSETS	**551,136,303**	**159,691,804**	**44,612,115**	**190,627,303**	**208,229,938**	**603,161,160**
NET LIQUIDITY GAP	**46,107,095**	**(711,753)**	**(100,152,776)**	**27,827**	**189,381,860**	**88,545,158**

The balances in the above table will not agree directly to the balances in the statement of financial position as the table incorporates all cash flows (both principal and interest), on an undiscounted basis.

i) Interest rate risk

The Bank is exposed to the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The maturities of asset and liabilities and the ability to replace at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the Bank's exposure to changes in interest rates and liquidity.

Interest rates on advances to customers and other risk assets are pegged to the Bank's base lending rate. The base rate is adjusted from time to time to reflect the cost of funds.

The Assets and Liability Committee closely monitors the interest rate trends to minimize the potential adverse impact of interest rate changes.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank.

The interest rate risks sensitivity analysis is based on the following assumptions:

- Changes in the market interest rates affect the interest income or expenses of variable interest financial instruments.
- Changes in market interest rates only affect interest income or expenses in relation to financial instruments with fixed interest rates if these are recognized at their fair value.
- The interest rate changes will have a significant effect on interest sensitive assets and liabilities and hence simulation modelling is applied to net interest margins.
- The interest rates of all maturities move by the same amount and, therefore, do not reflect the potential impact on net interest income of some rates changing while others remain unchanged.
- The projections make other assumptions including that all positions run to maturity.

The table below summarises the exposure to interest rate risks. Included in the table are the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The Bank does not bear an interest rate risk on off statement of financial position items.

	LESS THAN 1 MONTH	1 MONTH LESS THAN 3 MONTHS	3 MONTHS LESS THAN 6 MONTHS	6 MONTHS LESS THAN 1 YEAR	1 YEAR LESS THAN 5 YEARS	TOTAL
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
2013						
FINANCIAL ASSETS						
INVESTMENT IN GOVER. SECURITIES	20,177,364	862,854	41,020,947	44,860,077	33,065,647	139,986,889
DEPOSITS AND BALANCES DUE FROM BANKING INSTITUTIONS	58,569,978	-	-	-	-	58,569,978
OTHER ASSETS	1,670,519	3,341,038	-		-	5,011,557
LOANS AND ADVANCES TO CUSTOMERS	96,346,603	24,852,348	25,848,911	15,750,046	171,218,009	334,015,917
TOTAL FINANCIAL ASSETS	**176,764,464**	**29,056,240**	**66,869,858**	**60,610,123**	**204,283,656**	**537,584,341**
FINANCIAL LIABILITIES						
CUSTOMER DEPOSITS	179,587,583	43,300,021	71,425,876	106,544,998	-	400,858,478
DEPOSITS AND BALANCES DUE TO BANKING INSTITUTIONS	5,972,501	5,972,501	-	-	-	5,972,501
BORROWINGS	1,336,950	42,657,013	59,500,203	-	-	103,494,166
TOTAL FINANCIAL LIABILITIES	**186,897,034**	**91,929,535**	**130,926,079**	**106,544,998**	**-**	**516,297,645**
INTEREST RATE SENSITIVITY GAP	**(10,132,570)**	**(62,873,295)**	**(64,056,221)**	**(45,934,875)**	**204,283,656**	**21,286,696**

i) Interest rate risk (continued)

		LESS THAN 1 MONTH	1 MONTH LESS THAN 3 MONTHS	3 MONTHS LESS THAN 6 MONTHS	6 MONTHS LESS THAN 1 YEAR	1 YEAR LESS THAN 5 YEARS	TOTAL
		GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
2012							
	GOVERNMENT SECURITIES	27,942,391	524,131	63,897,389	32,343,927	29,999,746	154,707,584
	DEPOSITS AND BALANCES DUE FROM BANKING INSTITUTIONS	24,193,967	-	-	-	-	24,193,967
	OTHER ASSETS	6,233,041	-	-	-	-	6,233,041
	LOANS AND ADVANCES TO CUSTOMERS	46,652,956	42,218,072	36,934,056	29,159,327	150,134,810	305,099,221
TOTAL FINANCIAL ASSETS		**105,022,355**	**42,742,203**	**100,831,445**	**61,503,254**	**180,134,556**	**490,233,813**
FINANCIAL LIABILITIES							
	CUSTOMER DEPOSITS	101,366,555	108,021,962	71,425,876	74,567,990	8,661,223	364,043,606
	BORROWINGS	28,269,000	-	-	3,350,979	7,686,597	39,306,576
	DEPOSITS AND BALANCES DUE TO BANKING INSTITUTIONS	24,791,245	31,660,362	28,077,593	-	-	84,529,200
TOTAL FINANCIAL LIABILITIES		**154,426,800**	**139,682,324**	**99,503,469**	**77,918,969**	**16,347,820**	**487,879,382**
INTEREST RATE SENSITIVITY GAP		**(49,404,445)**	**(96,940,121)**	**1,327,976**	**(16,415,715)**	**165,786,736**	**2,354,431**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being held constant) of the Bank's income statement. The sensitivity of the income statement is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non–trading financial assets and financial liabilities held at 31 December 2013.

Interest Rate Sensitivity Analysis

			P & L IMPACT 500 BASIS POINT INCREASE IN RATES	P & L IMPACT 500 BASIS POINT DECREASE IN RATES
		GH¢	GH¢	GH¢
	RATE SENSITIVE ASSETS	537,584,341	23,700,140	(23,700,140)
	RATE SENSITIVE LIABILITIES	516,297,645	(25,516,257)	25,516,257
TOTAL			**(1,816,117)**	**1,816,117**

Interest rate risk and foreign currency risk

The Bank has in place Reuters System to monitor live interest and exchange rates to facilitate trading by the Treasury Department. This helps the Bank know what is happening at any moment in time on the markets and where opportunities are present.

ii) Foreign exchange risk

The Bank operates wholly within Ghana and its assets and liabilities are carried in local currency. The Bank maintains trade with correspondent banks and takes deposits and lends in foreign currencies. The Bank is exposed to the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Bank's currency position and exposure are managed within the exposure guideline stipulated by the Bank of Ghana. This position is reviewed on a daily basis by management.
The exchange rates used for translating the major foreign currency balances at the year-end were as follows:

	2013	2012
	GH¢	GH¢
US DOLLAR	2.1616	1.8846
GB POUND	3.5727	3.0410
EURO	2.9863	2.4851
NGN	0.0134	0.0087

Foreign exchange risk represents Appreciation/Depreciation of the GH¢ against other currencies. The Foreign exchange risks sensitivity analysis is based on the following assumptions:

- Foreign exchange exposures represent net currency positions of all currencies other than Ghana Cedis (GH¢).
- The currency risk sensitivity analysis is based on the assumption that all net currency positions are highly effective.
- The base currency in which the Bank's business is transacted is Ghana Cedis (GH¢).

The table below summarises the Bank's exposure to foreign currency exchange rate risk as at reporting date (all figures are in Ghana Cedis).

ii) Foreign exchange risk (continued)

	USD	GBP	EUR	OTHER	TOTAL
	GH¢	GH¢	GH¢	GH¢	GH¢
2013					
FINANCIAL ASSETS					
CASH & BALANCES WITH CENTRAL BANK OF GHANA	6,439,360	1,197,858	3,278,899	-	10,916,117
GOVERNMENT SECURITIES	-	-	-	-	-
DEPOSITS AND BALANCES DUE FROM BANKING INSTITUTIONS	25,649,708	1,449,885	3,389,935	350,361	30,839,889
LOANS AND ADVANCES TO CUSTOMERS	131,692,745	877	44,840,362	-	176,533,984
OTHER ASSETS	2,518,110	10,715	81,269	-	2,610,094
TOTAL FINANCIAL ASSETS	**166,299,923**	**2,659,335**	**51,590,465**	**350,361**	**220,900,084**
FINANCIAL LIABILITIES					
CUSTOMER DEPOSITS	85,209,395	2,695,694	10,111,872	-	98,016,961
BORROWING	76,617,912	-	26,876,254	-	120,638,514
OTHER LIABILITIES	18,334,497	-	6,906,775	350,361	8,448,285
TOTAL FINANCIAL LIABILITIES	**180,161,804**	**2,695,694**	**43,894,901**	**350,361**	**227,103,760**
NET POSITION	**(13,862,881)**	**(36,359)**	**7,695,564**	**-**	**(6,203,676)**
2012					
FINANCIAL ASSETS					
CASH & BALANCES WITH CENTRAL BANK OF GHANA	3,951,171	1,587,360	3,517,398	-	9,055,929
GOVERNMENT SECURITIES	-	-	-	-	-
DEPOSITS AND BALANCES DUE FROM BANKING INSTIT.	15,582,893	1,695,789	5,277,242	609,086	23,165,010
LOANS AND ADVANCES TO CUSTOMERS	103,862,160	15,091	3,105,489	-	106,982,740
OTHER ASSETS	2,339,364	9,126	175,377	-	2,523,867
TOTAL FINANCIAL ASSETS	**125,735,588**	**3,307,366**	**12,075,506**	**609,086**	**141,727,546**
FINANCIAL LIABILITIES					
CUSTOMER DEPOSITS	70,841,269	2,425,140	11,544,434	-	84,810,843
DUE TO BANKS & OTHER FINANCIAL INSTITUT.	26,777,377	882,537	-	609,086	28,269,000
OTHER LIABILITIES	1,801,753	47,989	167,490	8,837	2,026,069
TOTAL FINANCIAL LIABILITIES	**99,420,399**	**3,355,666**	**11,711,924**	**617,923**	**115,105,912**
NET POSITION	**26,315,199**	**(48,300)**	**363,582**	**(8,837)**	**26,621,634**

	CHANGE IN CURRENCY RATE IN %	EFFECT ON PROFIT BEFORE TAX	CHANGE IN CURRENCY RATE IN %	EFFECT ON PROFIT BEFORE TAX
	2013	2013	2012	2012
USD	10%	342,992	10%	35,109
GBP	10%	(3,636)	10%	4,296
EUR	10%	172,306	10%	44,799
OTHER	10%	-	10%	69,285
TOTAL		**511,662**		**153,490**

The previous table shows the undiscounted cash flows on the Bank's financial liabilities and unrecognised loan commitments on the basis of their earliest possible contractual maturity. The Bank's expected cash flows on these instruments vary significantly from this analysis. For example, demand deposits from customers are expected to maintain a stable or increasing balance; and unrecognised loan commitments are not all expected to be drawn down immediately. The gross nominal inflow/(outflow) disclosed in the previous table is the contractual, undiscounted cash flow on the financial liability or commitment.

iii) Market risks

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risks

Overall responsibility for management of market risk rests with Assets and Liabilities Committee (ALCO). The risk department is responsible for the development of detailed market risk management policies (subject to review and approval by ALCO) and for the day to day implementation of those policies.

iv) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Bank's operations and are faced by all business entities.

Operational risks relate to the risk that the Bank's operations may be halted temporarily or permanently by inadequate internal and/or systems controls, allowing for people to take advantage to commit fraud.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Bank standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions,
- requirements for the reconciliation and monitoring of transactions,
- compliance with regulatory and other legal requirements,

- documentation of controls and procedures,
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks,
- requirements for the reporting of operational losses and proposed remedial action,
- development of contingency plan,
- training and professional development,
- ethical and business standards,
- risk mitigation, including insurance where this is effective.

Compliance with the Bank's standards is supported by a programme of continuous reviews by the Bank's Branch Operations and periodic reviews by the Internal audit Department. The reports on these reviews are discussed at the Management Risk and Compliance Committee with issues being escalated to the Board Risk and Compliance Committee when necessary.

v) Compliance Risk

Compliance risk, sometimes also referred to as integrity risk because a Bank's reputation is closely connected with its adherence to principles of integrity and fair dealing, is defined as the risk of legal or regulatory sanctions, financial loss, or loss to reputation a bank may suffer as a result of its failure to comply with all applicable laws, regulations, codes of conduct and standards of good practice (together "laws, rules and standards").

As part of its efforts to address supervisory issues and enhance sound practices in the Bank, the Board, through its Risk and Compliance Committee and the Compliance Department of the Bank manages compliance related risk of the Bank.

Compliance with laws, rules and standards helps to maintain the Bank's reputation with, and thus meet the expectations of, its customers, the markets and society as a whole. Although compliance with laws, rules and standards has always been important, compliance risk management has become more formalised within the past few years and has emerged as a distinct risk management discipline.

Management of Compliance Risk

The Bank has in place Reuters System to monitor live interest and exchange rates to facilitate trading by the Treasury Department. This helps the Bank know what is happening at any moment in time on the markets and where opportunities are present.

The Board, through its Sub-Committee on Credit and Risk, oversees the compliance functions of the Bank. The Compliance department of the Bank, on monthly basis, updates the Management Risk and Compliance Committee on critical compliance issues within the period pertaining to statutory regulations, the BANK OF AFRICA GROUP policies and BANK OF AFRICA – GHANA policies. Management of issues related to anti-money laundering is of core importance to the committee. The issues are aggregated and reported to the Board Credit and Risk Committee on a quarterly basis.

The Compliance department has standard procedural and policy checklist for every department of the Bank. This checklist ensures compliance on all regulatory and statutory issues. The department has also instituted a system to ensure that proper Know-Your-Customer (i.e. KYC) and Customer Due Diligence (i.e. CDD) procedures are followed in line with Bank of Ghana and Financial Intelligence Centre (i.e. FIC). This is achieved through a developed culture of respecting the standard account opening procedure religiously and a system that fosters a continuous update of our customer data base.

7. CAPITAL MANAGEMENT

Regulatory capital

The Bank of Ghana sets and monitors capital requirements for the Bank. The Bank's objectives when managing capital are:

- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for the other stakeholders.
- To maintain a strong capital base to support the current and future development needs of the business.
- To comply with the capital requirements set by the Bank of Ghana.
- Capital adequacy and use of regulatory capital are monitored by management employing techniques based on the guidelines developed by the Bank of Ghana for supervisory purposes. The required information is filed with the Central Bank of Ghana on a monthly basis.

The Bank of Ghana requires each bank to:

a) Hold the minimum level of regulatory capital of GHC 60 million by year end 2013.

b) Maintain a ratio of total regulatory capital: to risk weighted assets plus risk weighted off balance assets at above the required minimum of 10%.

The Bank's regulatory capital is analyzed into two tiers:

- Tier 1 capital, which includes ordinary share capital, retained earnings, after deductions for intangible assets (excluding computer software), investments in equity instruments of other institutions and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy purposes.
- Tier 2 capital, which includes Capitalised Revaluations Reserves; Latent Revaluation Reserves; Undisclosed Reserves; Revaluation Sub-ordinated Loans and Hybrid Capital subject to a limit of 100% of Tier 1 Capital.

The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a relationship between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

Capital allocation

The allocation of capital between specific operations and activities is, to a large extent, driven by optimisation of the return achieved in the capital allocated. The amount of capital allocated to each operation or activity is based primarily upon the regulatory capital, but in certain cases, the regulatory requirements do not reflect fully the varying degree of risk associated with different activities. In such cases the capital may be flexed to reflect differing risk profiles, subject to the overall level of capital to support a particular operation or activity not falling below the minimum required for regulatory purposes. The process of allocating capital to specific operations and activities is undertaken independence of those responsible for the operation, by Bank Risk and Bank's CAPEX committee, Risk management or ALCO as appropriate.

Although maximisation of the return on risk-adjusted capital is the principal basis used in determining how capital is allocated within the Bank to particular operations or activities, it is not the sole basis used for decision making. Account also is taken of synergies with other operations and activities, the availability of management and other resources, and the fit of the activity with the Bank's longer term strategic objective. The Bank's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

8. INTEREST INCOME

		2013	2012
		GH¢	GH¢
	GOVERNMENT SECURITIES - (AVAILABLE-FOR-SALE INVESTMENTS)	26,267,454	17,501,477
	GOVERNMENT SECURITIES - (HELD-TO-MATURITY INVESTMENTS)	605,179	248,610
	LOANS AND ADVANCES	53,518,908	44,883,345
TOTAL		**80,391,541**	**62,633,432**

9. INTEREST EXPENSE

		2013	2012
		GH¢	GH¢
(A)	**ON DEPOSITS**		
	FIXED/TIME DEPOSITS	33,721,684	21,321,928
	SAVINGS DEPOSITS	1,082,185	1,442,964
	DEMAND & CALL DEPOSITS	1,031,482	461,882
TOTAL		**35,835,351**	**23,226,774**
(B)	**ON BORROWED FUNDS**		
	INTER-BANK BORROWING	12,046,816	5,798,337
	BORROWING	178,793	1,463,895
TOTAL		**12,225,609**	**7,262,232**
TOTAL INTEREST EXPENSES		**48,060,960**	**30,489,006**

10. NET FEES AND COMMISSION INCOME

		2013	2012
		GH¢	GH¢
(A)	INCOME		
	COMMISSION ON TURNOVER	1,953,899	1,667,402
	FEES AND CHARGES	1,948,310	858,833
	FOREIGN TRADE INCOME	4,648,385	3,841,292
	LOAN FEE INCOMES	3,083,961	4,622,359
	GUARANTEES CHARGES AND COMMISSION	314,035	466,447
TOTAL		11,948,590	11,456,333
(B)	EXPENSES		
	FEES AND COMMISSIONS EXPENSES	(696,883)	(437,035)
TOTAL		11,251,707	11,019,298

11. GAINS ON FOREIGN EXCHANGE DEALINGS

Net gains on foreign currency dealings arose from dealings in foreign currency transactions and also on the translation of foreign currency assets and liabilities. The gains have been recorded in other income (Note 12).

12. OTHER INCOME

		2013	2012
		GH¢	GH¢
	BAD DEBTS RECOVERED	770,632	82,535
	FOREIGN EXCHANGE DEALINGS	12,880,101	7,504,198
	GAIN/(LOSS) ON DISPOSAL OF FIXED ASSETS	5,658	210,055
TOTAL		13,656,391	7,796,788

13. OPERATING EXPENSES

	2013	2012
	GH¢	GH¢
STAFF COSTS (NOTE 14)	18,764,826	15,144,992
DIRECTORS' FEES	306,000	340,000
DIRECTORS EMOLUMENT	102,000	120,666
DEPRECIATION	1,927,219	1,720,437
OCCUPANCY COST	4,774,619	4,265,925
AMORTISATION OF LEASEHOLD LAND	27,713	33,255
AMORTISATION OF INTANGIBLE ASSETS	1,319,424	479,924
AUDITORS REMUNERATION	109,047	83,432
DONATIONS AND SOCIAL RESPONSIBILITY	48,710	66,917
MOTOR VEHICLE RUNNING	477,152	473,775
GENERAL AND ADMINISTRATIVE	7,077,422	6,165,531
REPAIRS AND MAINTENANCE	419,129	514,678
INSURANCE	156,393	128,303
LEGAL AND OTHER PROFESSIONAL FEES	1,041,988	2,596,477
SOFTWARE FEES & MAINTENANCE	2,807,839	1,011,618
TRAINING & RESEARCH	398,125	148,235
SECURITY	686,792	617,515
TELEPHONE AND POSTAGE	492,435	432,865
TOTAL	**40,936,833**	**34,344,545**

14. STAFF COSTS

	2013	2012
	GH¢	GH¢
SALARIES AND WAGES	15,454,810	11,612,647
PENSION COSTS	795,327	796,658
OTHER STAFF RELATED COSTS	2,514,689	2,735,687
TOTAL	**18,764,826**	**15,144,992**

15. TAXATION

The major components of income tax expense for the years ended 31 December 2013 and 2012 were:

		2013	2012
		GH¢	GH¢
(A)	**TAXATION CHARGED TO INCOME STATEMENT**		
	CURRENT INCOME TAX	-	(218,636)
	TAX ADJUSTMENTS FOR PRIOR YEARS	(1,167,802)	-
	DEFERRED TAX (EXPENSE)/RECOVERY	894,322	(63,895)
AT 31 DECEMBER		**(273,480)**	**282,531**
(B)	**RECONCILIATION OF TAX CHARGE TO THE EXPECTED TAX BASED ON ACCOUNTING PROFIT**		
ACCOUNTING PROFIT/(LOSS) BEFORE TAXATION		**(2,582,186)**	**2,363,914**
	TAX AT THE APPLICABLE RATE OF 25%	(645,547)	590,979
	TAX ON NON–DEDUCTIBLE EXPENSES	1,165,645	639,522
	INCOME NOT SUBJECT TO TAX	(1,415)	(52,512)
	CAPITAL ALLOWANCE	(518,683)	(959,353)
TAX CHARGED		**-**	**218,636**

The effective income tax rate for 2013 is nil (2012: 10%).

(C)	**DEFERRED TAXATION**		
DEFERRED TAX LIABILITIES			
	PROPERTY, PLANT AND EQUIPMENT	462,480	790,387
	AVAILABLE-FOR-SALE INVESTMENTS	78,551	-
DEFERRED TAX ASSETS			
	UNUTILISED CAPITAL ALLOWANCE	(235,422)	-
	PROVISION FOR IMPAIRMENT OF LOANS	(330,993)	-
	AVAILABLE-FOR-SALE INVESTMENTS	-	(5,727)
NET DEFERRED TAX (ASSET)/LIABILITY		**(25,384)**	**784,660**

The Bank has recognised deferred tax assets as they may be used to offset taxable profits in the future. The deferred tax assets have arisen due to impairment provision and un-utilized capital allowance.

Movement on deferred tax account as shown in the income statements and statement of changes in equity is as follows:

		2013	2012
		GH¢	GH¢
	OPENING BALANCE (ASSETS)/LIABILITIES	790,387	726,492
	TAX (RECOVERED)/EXPENSE TO PROFIT OR LOSS	(894,322)	63,895
TOTAL		**(103,935)**	**790,387**
	OPENING BALANCE (ASSETS)/LIABILITIES	(5,727)	-
	TAX (RECOVERED)/EXPENSE TO OCI	84,278	(5,727)
TOTAL		**78,551**	**(5,727)**
TOTAL DEFERRED TAX (ASSETS)/LIABILITIES		**(25,384)**	**784,660**

(D) CORPORATE TAXATION (PAYABLE)/RECOVERABLE

CORPORATE TAX & NATIONAL STABILISATION LEVY

		01/01	PAID DURING THE YEAR	CHARGED DURING THE YEAR	ADJUSTMENT	31/12
		GH¢	GH¢	GH¢	GH¢	GH¢
	2012	1,561,705	-	-	-	1,561,705
	2013	-	566,400	(1,167,802)	-	(601,402)
TOTAL		**1,561,705**	**566,400**	**(1,167,802)**	**-**	**960,303**

16. NET GAIN/(LOSS) ON AVAILABLE-FOR-SALE ASSETS

		2013	2012
		GH¢	GH¢
	GAIN/(LOSS) ON AVAILABLE-FOR-SALE INVESTMENTS	314,204	(22,908)
	DEFERRED TAX (LIABILITY)/ASSET	(84,278)	5,727
TOTAL		**229,926**	**(17,181)**

17. EARNINGS PER SHARE

Earnings per share is calculated by dividing the net profit attributable to shareholders by the number of ordinary shares in issue during the year.

	2013	2012
EARNINGS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS (GH¢)	**(2,855,666)**	**2,081,383**
NUMBER OF SHARES		
NUMBER OF ORDINARY SHARES ISSUED	99,683,823	77,514,013
EARNINGS PER SHARE - BASIC (GH¢)	**(0.029)**	**0.027**

There were no potentially dilutive instruments outstanding at balance sheet date.

18. CASH WITH BANK OF GHANA

	2013	2012
	GH¢	GH¢
CASH ON HAND	16,555,238	13,969,834
BALANCES WITH BANK OF GHANA	44,333,463	37,099,255
TOTAL	**60,888,701**	**51,069,089**

19. INVESTMENTS IN GOVERNMENT SECURITIES

		2013	2012
		GH¢	GH¢
A)	**AVAILABLE-FOR-SALE INVESTMENTS**		
	28-DAY BILL	20,177,364	-
	91-DAY TREASURY BILL	862,854	27,779,980
	182-DAY TREASURY BILL	77,855,297	26,956,589
TOTAL		**98,895,515**	**54,736,569**
B)	**HELD-TO-MATURITY INVESTMENTS**		
	1 YEAR TREASURY NOTES	25,727	6,487,066
	2-YEAR FIXED RATE NOTE	17,642,233	5,152,571
	3-YEAR NOTES	10,869,282	10,881,391
	5-YEAR TREASURY BONDS	3,754,132	3,070,413
TOTAL		**32,291,374**	**25,591,441**
C)	**AVAILABLE-FOR-SALE INVESTMENTS PLEDGED AS COLLATERAL**		
	182-DAY TREASURY BILL	8,000,000	35,477,074
TOTAL		**8,000,000**	**35,477,074**
D)	**HELD-TO-MATURITY INVESTMENTS PLEDGED AS COLLATERAL**		
	1 YEAR TREASURY NOTES	-	24,947,000
	2-YEAR FIXED RATE NOTE	800,000	13,257,500
	5-YEAR TREASURY BONDS	-	698,000
TOTAL		**800,000**	**38,902,500**
TOTAL INVESTMENT IN GOVERNMENT SECURITIES		**139,986,889**	**154,707,584**

20. DEPOSITS AND BALANCES DUE FROM BANKING INSTITUTIONS

	2013	2012
	GH¢	GH¢
FROM BANKING INSTITUTIONS		
LOCAL CURRENCY	437,289	1,028,957
FOREIGN CURRENCY	13,547,089	23,165,010
INTERBANK PLACEMENT		
LOCAL CURRENCY	27,292,800	-
FOREIGN CURRENCY	17,292,800	-
TOTAL	**58,569,978**	**24,193,967**

21. LOANS AND ADVANCES TO CUSTOMERS

		2013	2012
		GH¢	GH¢
A)	**OVERDRAFTS**	**86,494,406**	**107,962,927**
	MORTGAGES	208,181	151,948
	LOANS	331,149,931	260,488,229
	INTEREST IN SUSPENSE	(46,071,474)	(27,062,727)
TOTAL		**371,781,044**	**341,540,377**
PROVISION FOR IMPAIRED LOANS AND ADVANCES:			
	PROVISION FOR BAD DEBT	(37,765,127)	(36,441,156)
TOTAL		**334,015,917**	**305,099,221**

Interest in suspense represents interest on loans that the regulator has designated as impaired based on its prudential norms. Included in loans and advances to customers are staff loans amounting to GH¢ 4,790,628 (2012: GH¢ 4,082,802). The effective interest rate on loans and advances at 31 December 2013 was 24.07% (2012: 16.23%).

(B)	**BY MATURITY**		
MATURING:			
	WITHIN ONE YEAR	162,797,908	154,964,411
	ONE TO THREE YEARS	171,218,009	150,134,810
TOTAL		**334,015,917**	**305,099,221**

21. LOANS AND ADVANCES TO CUSTOMERS (CONTINUED)

		2013	2012
		GH¢	GH¢
(C)	**PROVISION FOR LOANS AND ADVANCES**		
PROVISION FOR LOANS AND ADVANCES			
	UNIDENTIFIED IMPAIRMENT	719,973	-
	IDENTIFIED IMPAIRMENT	18,164,059	14,252,053
AT 31 DECEMBER		**18,884,032**	**14,252,053**
(D)	**RECONCILIATION OF IMPAIRMENT CHARGES**		
	OPENING BALANCE	36,441,156	32,883,061
	WRITE-OFFS	(17,560,061)	(10,693,958)
		18,881,095	**22,189,103**
	CHARGE FOR THE YEAR	18,884,032	14,252,053
AT 31 DECEMBER 2013		**37,765,127**	**36,441,156**

22. OTHER ASSETS

		2013	2012
		GH¢	GH¢
	INTEREST RECEIVABLE	5,011,557	6,233,041
	PREPAYMENTS	4,571,052	5,463,972
	STATIONERY STOCKS	287,790	194,162
	LOCAL CHEQUES ON COLLECTION	16,566,657	7,567,341
	FOREIGN BILLS ON COLLECTION	670,101	1,100,405
	OTHERS	1,121,408	1,165,655
TOTAL		**28,228,565**	**21,724,576**

23. PROPERTY, PLANT AND EQUIPMENT

	BUILDINGS ON SHORT LEASEHOLD LANDS	OFFICE EQUIPMENT	FURNITURE & FITTINGS	MOTOR VEHICLES	COMPUTER HARDWARE	TOTAL
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
COST/VALUATION						
AT JANUARY 2013	**2,050,215**	**5,878,217**	**1,101,844**	**1,376,569**	**2,180,997**	**12,587,842**
ADDITIONS	8,045	1,178,556	281,734	1,034,394	822,361	3,325,090
DISPOSALS	-	(16,295)	(25,048)	(156,389)	-	(197,732)
AT 31 DECEMBER 2013	**2,058,260**	**7,040,478**	**1,358,530**	**2,254,574**	**3,003,358**	**15,715,200**
DEPRECIATION						
AT JANUARY 2013	**366,215**	**3,401,972**	**808,225**	**912,551**	**1,387,657**	**6,876,620**
CHARGE FOR THE YEAR	73,005	991,523	136,759	367,792	358,140	1,927,219
RELEASED ON DISPOSALS	-	(10,073)	-	(119,448)	-	(129,521)
AT 31 DECEMBER 2013	**439,220**	**4,383,422**	**944,984**	**1,160,895**	**1,745,797**	**8,674,318**
NET BOOK VALUE AT 31 DECEMBER 2013	**1,619,040**	**2,657,056**	**413,545**	**1,093,678**	**1,257,563**	**7,040,882**

23(A). DISPOSAL SCHEDULE

	COST	ACCUM. DEPRN.	NBV	DISPOSAL VALUE	PROFIT/ (LOSS)
	GH¢	GH¢	GH¢	GH¢	GH¢
MOTOR VEHICLE	156,389	119,448	36,942	63,608	26,666
FURNITURE & FITTINGS	25,048	-	25,048	8,721	(16,327)
OFFICE EQUIPMENT	16,295	10,073	6,221	1,540	(4,681)
TOTAL	**197,732**	**129,521**	**68,211**	**73,870**	**5,658**

23(B). PROPERTY, PLANT AND EQUIPMENT

	BUILDINGS ON SHORT LEASEHOLD LANDS	OFFICE EQUIPMENT	FURNITURE & FITTINGS	MOTOR VEHICLES	COMPUTER HARDWARE	TOTAL
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
COST/VALUATION						
AT JANUARY 2012	**2,014,687**	**4,776,304**	**1,013,403**	**2,480,792**	**1,417,676**	**11,702,862**
ADDITIONS	35,528	1,118,289	159,897	187,949	833,581	2,335,244
DISPOSALS	-	(16,376)	(71,456)	(1,292,172)	(70,260)	(1,450,264)
AT 31 DECEMBER 2012	**2,050,215**	**5,878,217**	**1,101,844**	**1,376,569**	**2,180,997**	**12,587,842**
DEPRECIATION						
AT 1 JANUARY 2012	**270,602**	**2,541,314**	**737,609**	**1,586,889**	**1,153,824**	**6,290,238**
CHARGE FOR THE YEAR	95,613	877,210	134,050	309,473	304,091	1,720,437
RELEASED ON DISPOSAL	-	(16,552)	(63,434)	(983,811)	(70,258)	(1,134,055)
AT 31 DECEMBER 2012	**366,215**	**3,401,972**	**808,225**	**912,551**	**1,387,657**	**6,876,620**
NET BOOK VALUE AT 31 DECEMBER 2012	**1,684,000**	**2,476,245**	**293,619**	**464,018**	**793,340**	**5,711,222**

23(C). DISPOSAL SCHEDULE

	COST	ACCUM. DEPRN.	NET BOOK VALUE	DISPOSAL VALUE	PROFIT/ (LOSS)
	GH¢	GH¢	GH¢	GH¢	GH¢
MOTOR VEHICLE	1,292,172	983,811	308,361	516,001	207,641
FURNITURE AND FITTINGS	71,456	63,434	8,022	8,721	699
COMPUTER SOFTWARE	70,260	70,259	1	-	(1)
OFFICE EQUIPMENT	16,376	16,552	(176)	1,540	1,716
TOTAL	**1,450,264**	**1,134,056**	**316,208**	**526,262**	**210,055**

24. INTANGIBLE ASSETS

	2013	2012
	GH¢	GH¢
AS AT 1 JANUARY	2,337,937	477,359
ADDITIONS	1,073,029	2,340,502
AMORTISATION	(1,319,424)	(479,924)
TOTAL	**2,091,542**	**2,337,937**

The intangible assets represent computer software costs.

25. OPERATING LEASE PREPAID

	2013	2012
	GH¢	GH¢
OPERATING LEASE PREPAID	1,181,082	1,214,337
AMORTISATION	(27,713)	(33,255)
BALANCE AT 31 DECEMBER	**1,153,369**	**1,181,082**

Future minimum lease payments are as follows:

NOT LATER THAN ONE YEAR	27,713	33,255
LATER THAN ONE YEAR BUT NOT LATER THAN FIVE YEARS	138,565	133,020
LATER THAN FIVE YEARS	987,091	1,014,807
TOTAL	**1,153,369**	**1,181,082**

26. CUSTOMER DEPOSITS

		2013	2012
		GH¢	GH¢
	SAVINGS DEPOSITS	48,306,065	48,622,764
	DEMAND AND CALL DEPOSITS	206,147,614	140,111,741
	FIXED/TIME DEPOSITS	146,404,799	175,309,101
TOTAL		**400,858,478**	**364,043,606**

Maturity analysis of customer deposits

FROM GOVERNMENT AND PARASTATALS:			
	PAYABLE WITHIN 90 DAYS	23,745,179	15,249,891
	PAYABLE AFTER 90 DAYS AND WITHIN ONE YEAR	94,980,718	60,999,565
TOTAL		**118,725,897**	**76,249,456**
FROM PRIVATE SECTOR AND INDIVIDUALS:			
	PAYABLE WITHIN 90 DAYS	199,142,425	203,138,626
	PAYABLE AFTER 90 DAYS AND WITHIN ONE YEAR	82,990,156	84,655,524
TOTAL		**282,132,581**	**287,794,150**
AT 31 DECEMBER		**400,858,478**	**364,043,606**

The effective interest rate on interest bearing customer deposits was 8.94% (2012: 8.4%).

27. DEPOSITS AND BALANCES DUE TO BANKING INSTITUTIONS

		2013	2012
		GH¢	GH¢
	LOCAL BANKS	5,972,501	84,529,200
TOTAL		**5,972,501**	**84,529,200**

28. INTEREST PAYABLE & OTHER LIABILITIES

		2013	2012
		GH¢	GH¢
	INTEREST PAYABLE	6,457,771	7,819,361
	ACCRUALS	10,747,597	3,634,967
	SUNDRY CREDITORS	2,750,390	1,084,169
	OTHER LIABILITIES	20,033,852	4,611,329
TOTAL		**39,989,610**	**17,149,826**

Included in the 2013 other liabilities is a bridge capital funding of USD 8.0 million from BOA WEST AFRICA. It is a temporary bridge finance which can only be repaid after the investment of similar amount in Equity. Currently, there are several multinational financial institutions that have conducted due diligence into the Bank and are finalising arrangements to invest in the equity of the Bank.

29. BORROWINGS

		2013	2012
		GH¢	GH¢
SHORT TERM LOANS AND BORROWING			
	BANK OF AFRICA – MER ROUGE	74,631,402	28,269,000
	BANK OF AFRICA – BENIN	14,931,252	-
	BANK OF AFRICA – KENYA	13,931,512	-
	TOTAL	**103,494,166**	**28,269,000**
LONG TERM LOANS AND BORROWING			
	SOCIAL SECURITY & NATIONAL INSURANCE TRUST (SSNIT)	-	10,248,796
	INTEREST PAYABLE	-	788,780
	TOTAL	**-**	**11,037,576**
TOTAL		**103,494,166**	**39,306,576**

30. STATED CAPITAL

	2013	2012
AUTHORISED		
NUMBER OF ORDINARY SHARES OF NO PAR VALUE	100,000,000	100,000,000

2013	NUMBER OF SHARES	GH¢
ISSUED AND FULLY PAID		
1 JANUARY	77,514,013	77,460,828
ISSUED FOR CASH	22,169,810	23,500,000
AT 31 DECEMBER 2012	**99,683,823**	**100,960,828**

2012	NUMBER OF SHARES	GH¢
ISSUED AND FULLY PAID		
AT 1 JANUARY	48,182,142	60,460,828
ISSUED FOR CASH	29,331,889	17,000,000
AT 31 DECEMBER 2012	**77,514,031**	**77,460,828**

31. REGULATORY CREDIT RISK RESERVE

Regulatory credit risk reserve represents cumulative amounts required to meet the Bank of Ghana guidelines for loan impairment allowances. The Bank's regulator (Bank of Ghana) requires a transfer from income surplus to regulatory credit risk reserve account when the impairment allowance per IFRS is lesser than the impairment allowance per Bank of Ghana's guideless.

	2013	2012
	GH¢	GH¢
1 JANUARY	10,631,087	6,268,000
TRANSFER FROM INCOME SURPLUS	17,030,569	4,363,087
31 DECEMBER	**27,661,656**	**10,631,087**

32. STATUTORY RESERVE

This is an accumulation of transfers from profit for the year in accordance with section 29 of the Banking Act.

	2013	2012
	GH¢	GH¢
1 JANUARY	8,858,392	7,817,701
TRANSFER FROM INCOME SURPLUS	-	1,040,691
31 DECEMBER	**8,858,392**	**8,858,392**

33. NOTES TO THE CASH FLOW STATEMENT

		2013	2012
		GH¢	GH¢
(A)	**RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**		
	PROFIT/(LOSS) BEFORE TAXATION	(2,582,186)	2,363,914
ADJUSTMENTS FOR:			
	DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	1,927,219	1,720,437
	AMORTISATION OF INTANGIBLE ASSETS	1,319,424	479,924
	AMORTISATION OF LEASE HOLD LAND	27,713	33,255
	GAIN ON DISPOSAL OF PROPERTY AND EQUIPMENT	(5,658)	(210,055)
PROFIT BEFORE WORKING CAPITAL CHANGES		**686,512**	**4,387,475**
	INCREASE IN LOANS & ADVANCES	(28,916,696)	(108,881,652)
	INCREASE IN OTHER ASSETS	(6,503,989)	(8,085,721)
	DECREASE/(INCREASE) IN GOVERNMENT SECURITIES	15,034,899	(78,691,392)
	INCREASE/(DECREASE) IN CUSTOMER DEPOSITS	36,814,872	68,418,356
	INCREASE/(DECREASE) BALANCES DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS	(78,556,699)	91,957,200
	INCREASE IN INTEREST PAYABLE & OTHER LIABILITIES	22,839,784	2,773,218
	TAX PAID	(566,400)	(1,289,841)
CASH GENERATED FROM OPERATIONS		**(39,167,718)**	**(29,412,357)**
(B)	**ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS**		
	CASH ON HAND	60,888,701	51,069,089
	DEPOSITS AND BALANCES DUE FROM BANKING INSTITUTIONS	58,569,978	24,193,967
TOTAL		**119,458,679**	**75,263,056**

For the purposes of the cash flow statement, cash equivalents include short term liquid investments with maturities less than three months.

34. CONTINGENCIES AND COMMITMENTS INCLUDING OFF BALANCE SHEET ITEMS

Contingent liabilities

In common with other banks, the Bank conducts business involving acceptances, guarantees, performances and indemnities. The majority of these facilities are offset by corresponding obligations of third parties.

	2013	2012
	GH¢	GH¢
LETTERS OF CREDIT	25,890,743	60,887,758
GUARANTEES AND INDEMNITIES	19,123,117	20,786,338
TOTAL	**45,013,860**	**81,674,097**

Letters of credit commit the Bank to make payments to third parties, on production of documents, which are subsequently reimbursed by customers.

Concentrations of contingent liabilities are covered under Note 3.

Pending legal claims

As at the year end, there were some cases pending against the Bank. Should judgement go in favour of the plaintiffs, the likely claims against the Bank have been estimated at GH¢ 748,570. No provisions have been made in the financial statements in respect of these amounts.

Capital expenditure

Capital expenditure not provided for in the financial statements as at 31 December 2013 was nil (2012: nil).

35. RELATED PARTY TRANSACTIONS

Parties are considered to be related through common directorship or subsidiaries of BANK OF AFRICA Group.

Advances to customers at 31 December 2013 included advances and loans to companies associated to Directors and banking transactions with BOA subsidiaries. All transactions with related parties are done at arm's length in the normal course of business, and on terms and conditions similar to those applicable to other customers.

(a) Details of related transactions are as follows:

	2013	2012
	GH¢	GH¢
ADVANCES TO CUSTOMERS:		
ATLANTIC CLIMATE CONTROL LIMITED	3,193,906	249,814
ATLANTIC WORKS LIMITED	-	-
ATLANTIC INTERNATIONAL HOLDINGS	-	4,530,653
ATLANTIC COMPUTERS & ELECTRONICS	2,000	169,993
CRESTAR PAINT INDUSTRIES LIMITED	-	-
THE OFFICE FURNITURE	-	27,770
TRANSACTIONS WITH CORRESPONDING BANKS IN THE BANK OF AFRICA GROUP WHICH RESULTS IN AMOUNTS DUE TO OR DUE FROM OTHER BANKS:		
BOA-TANZANIA	173,545	155,207
BOA-KENYA	77,996	124,611
BOA-FRANCE	607,443	(82,989)
BOA-MALI	26,416	232,727
BOA-BENIN	177,502	146,622
BOA-CÔTE D'IVOIRE	4,855	37,209
BOA-NIGER	17,207	13,383
BMCE BANK INTL, SPAIN	17,883	-
TOTAL	**4,298,753**	**5,605,000**

(b) Details of related transactions are as follows:

	2013	2012
	GH¢	GH¢
AFH-SERVICES	1,479,850	1,514,465
ATLANTIC CLIMATE CONTROL	83,746	2,125,228
ATLANTIC WORK	301,895	-
ATLANTIC COMPUTERS	220,085	-

The above balances relate to loans balances which have been included in the loans and advances balances.

35. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management compensation

The remuneration of Directors and other members of key management during the year were as follows:

	2013	2012
	GH¢	GH¢
SALARIES AND OTHER SHORT-TERM EMPLOYMENT BENEFITS	1,388,274	1,104,275
DEFINED CONTRIBUTION	30,278	61,910
TOTAL	**1,418,552**	**1,166,186**

Key management staff constitutes staff with grades from Assistant General Manager.

(d) Directors' remuneration

	2013	2012
	GH¢	GH¢
FEES FOR SERVICES AS A DIRECTOR	306,000	340,000
OTHER EMOLUMENTS	102,000	120,666
TOTAL	**408,000**	**460,666**

36. RETIREMENT BENEFIT OBLIGATIONS

The Bank makes contributions to a statutory pension scheme and a defined contribution to a provident fund for eligible employees. Contributions by the Bank to the mandatory pension scheme are determined by law. Total contributions to the scheme in Year 2013 was GH¢ 795,327. Total contributions towards employees Provident Fund was GH¢ 574,733. The Bank's liability in both schemes is limited to its unpaid contributions to the scheme.

	2013	2012
	GH¢	GH¢
CONTRIBUTIONS TO THE STATUTORY DEFINED PENSION SCHEME (SSNIT)	795,327	796,658
CONTRIBUTIONS TO STAFF PROVIDENT FUND	574,733	527,144
TOTAL	**1,370,060**	**1,323,802**

37. GOVERNMENT RELATED TRANSACTIONS

Government advances

The movement in Government related advances is as follows:

	2013	2012
	GH¢	GH¢
AT 1 JANUARY	**154,707,584**	**76,039,100**
FAIR VALUE GAIN/(LOSS)	314,204	(22,908)
NET DISPOSAL/ACQUISITIONS IN THE YEAR	(15,034,899)	78,691,392
AT 31 DECEMBER	**139,986,889**	**154,707,584**

The balance due from Government is categorised under available-for-sale and held-to-maturity Government Securities.

38. ASSETS PLEDGED AS SECURITY

As at 31 December 2013, a total of GH¢ 8,800,000 of the Bank's investment in Government of Ghana securities were pledged as security for liabilities from other financial institutions. These assets cannot be sold or pledged as security whilst there is no default on the liability.

39. INCORPORATION

The Bank is incorporated in Ghana under the Companies Code, Act 179 and the Banking Act, Act 673 and the Banking (Amendment) Act, 2008 (Act 738).

40. CURRENCY

These financial statements are presented in Ghana Cedis (GH¢).

41. CAPITAL ADEQUACY RATIO

The capital adequacy ratio as at 31 December 2013 was 15.84%.

	2013	2012
	GH¢	GH¢
PAID-UP CAPITAL	100,961	77,461
DEPOSIT FOR SHARES	17,144	-
DISCLOSED RESERVES	(45,977)	(15,688)
TIER 1 CAPITAL	**72,128**	**61,773**
LESS		
GOODWILL/INTANGIBLES	4,571	16,095
ADJUSTED CAPITAL BASE	**67,557**	**45,678**
TOTAL ASSETS (LESS CONTRA ITEMS)	**632,962**	**567,586**
LESS		
CASH AT BANK OF GHANA	60,889	51,069
CLAIMS OF FINANCIAL & GUARANTEED LOANS	231,894	203,491
ADJUSTED TOTAL ASSETS	**340,179**	**313,026**
ADD		
NET CONTINGENT LIABILITIES	45,014	78,513
50% OF NET OPEN POSITION	2,273	1,039
100% OF 3 YEARS AVERAGE ANNUAL GROSS INCOME	39,162	33,197
ADJUSTED ASSET BASE	**426,628**	**425,775**
CAPITAL ADEQUACY RATIO (%)	**15.84**	**10.46**
CAPITAL SURPLUS/DEFICIT	**24,894**	**3,100**

42. BREACHES IN STATUTORY LIQUIDITY

There were three (3) breaches to BoG's prudential guidelines in year 2013:

i. Single obligor limit to one client

ii. Outsourcing of archival service prior to BoG concurrence; and

iii. Misreporting on seven customers facilities

43. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

a) Fair value hierarchy

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

• Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, The Ghana Stock Exchange).

• Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes available-for-sale financial assets which are Bank of Ghana's securities which are valued by reference to Bank of Ghana market rates.

• Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. As at 31 December 2013 and 31 December 2012, the Bank did not hold any level 3 financial assets and/or liabilities.

This hierarchy requires the use of observable market data when available. The Bank considers relevant observable market prices in its valuation where possible. There has been no movement of financial instruments between different levels in the current year.

Financial instruments measured at fair value at 31 December 2013 and 31 December 2012 were classified as follows:

	VALUATIONS BASED ON OBSERVABLE INPUTS (THIS MEASUREMENTS ARE RECURRING)		
	(LEVEL 1)	(LEVEL 2)	TOTAL
		GH¢	GH¢
2013			
AVAILABLE-FOR-SALE FINANCIAL ASSETS	-	98,895,297	98,895,297
AVAILABLE-FOR-SALE PLEDGED AS COLLATERAL	-	8,000,000	8,000,000
TOTAL ASSETS	**-**	**106,895,297**	**106,895,297**
2012			
AVAILABLE-FOR-SALE FINANCIAL ASSETS	-	54,736,569	54,736,569
AVAILABLE-FOR-SALE PLEDGED AS COLLATERAL	-	35,477,074	35,477,074
TOTAL ASSETS	**-**	**90,213,643**	**90,213,643**

b) Financial instruments not measured at fair value

Deposits and balances due from banking institutions

Deposits and balances due from banking institutions include inter-bank placements. The carrying amount of floating rate placements and overnight deposits is a reasonable approximation of fair value. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity. The carrying amount approximates their fair values.

held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold to maturity. These are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost. Expected cash flows are discounted at current market rates to determine fair value using the effective interest method, less any provision for impairment.

Loans and advances to customers

Loans and advances are net of charges for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. The carrying amount approximates their fair value.

Due to banks and other financial institution and customer deposits

The estimated fair value of deposits with no stated maturity, which includes non-interest bearing deposits, is the amount repayable on demand. The estimated fair value of fixed interest-bearing deposits not quoted in an active market is based on discounted cash flows using interest rates for new debts with similar remaining maturity. The carrying amount approximates their fair value.

Borrowings

The aggregate fair values are calculated based on a discounted cash flow model using observable market rate appropriate for the remaining term to maturity of the debt securities.

Other assets (excluding prepayments and stationery stocks)

The estimated fair value of other assets excluding prepayments and stationery stocks represents the discounted amount of estimated future cash flows expected to be received. The carrying amount approximates their fair value.

Cash and bank balances with Bank of Ghana

The management assessed that cash and bank balances with Bank of Ghana approximate their carrying amounts largely due to the short-term nature.

Interest payable and other liabilities

The estimated fair value of interest payable and other liabilities is based in discounted cash flows using prevailing money-market interest rates for debts with similar risk and remaining maturity. The carrying amount approximates their fair value.

Off-statement of financial position financial instruments

The estimated fair values of the off-statement of financial position financial instruments are based on market prices for similar facilities. When this information is not available, fair value is estimated using discounted cash flow analysis.

The table below summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Bank's statement of financial position at their fair value:

	2013 CARRYING AMOUNT	2013 FAIR VALUE	2012 CARRYING AMOUNT	2012 FAIR VALUE
	GH¢	GH¢	GH¢	GH¢
FINANCIAL ASSETS				
CASH AND BALANCES WITH BANK OF GHANA	60,888,701	60,888,701	51,069,089	51,069,089
DEPOSITS AND BALANCES DUE FROM BANKING INSTITUTIONS	58,569,979	58,569,979	24,193,967	24,193,967
LOANS AND ADVANCES TO CUSTOMERS	334,015,917	334,015,917	305,099,221	305,099,221
OTHER ASSETS (EXCLUDING PREPAYMENTS AND STATIONERY STOCKS)	23,369,723	23,369,723	16,066,412	16,066,412
HELD-TO-MATURITY INVESTMENTS	32,291,374	32,291,374	25,591,441	25,591,441
HELD-TO-MATURITY PLEDGED AS COLLATERAL	800,000	800,000	38,902,500	38,902,500
TOTAL	**509,935,694**	**509,935,694**	**460,922,630**	**460,922,630**
FINANCIAL LIABILITIES				
DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS	109,466,667	109,466,667	112,798,200	112,798,200
CUSTOMERS DEPOSITS	400,858,478	400,858,478	364,043,606	364,043,606
LONG TERM BORROWINGS	17,144,348	17,144,348	11,037,576	11,037,576
INTEREST PAYABLE AND OTHER LIABILITIES	22,845,262	22,845,262	17,149,826	17,149,826
TOTAL	**550,314,755**	**550,314,755**	**505,029,208**	**505,029,208**
OFF-STATEMENT OF FINANCIAL POSITION FINANCIAL INSTRUMENTS				
LETTERS OF CREDIT	25,890,743	25,890,743	60,887,758	60,887,758
GUARANTEES AND INDEMNITIES	19,123,117	19,123,117	20,786,338	20,786,338
TOTAL	**45,013,860**	**45,013,860**	**81,674,096**	**81,674,096**

c) Financial instruments by category

2013	LOANS AND RECEIVABLES GH¢	AVAILABLE FOR SALE GH¢	HELD-TO-MATURITY GH¢	OTHER AMORTISED COST GH¢	TOTAL CARRYING AMOUNT GH¢	FAIR VALUE GH¢
FINANCIAL ASSETS						
CASH AND BALANCES WITH BANK OF GHANA	-	-	-	60,888,701	60,888,701	60,888,701
OTHER ASSETS	-	-	-	23,369,723	23,369,723	23,369,723
GOVERNMENT SECURITIES	-	106,895,515	33,091,374	-	139,986,889	139,986,889
DEPOSITS AND BALANCES DUE FROM BANKING INSTITUTIONS	58,569,978	-		-	58,569,978	58,569,978
LOANS AND ADVANCES TO CUSTOMERS	334,015,917	-	-	-	334,015,917	334,015,917
TOTAL	**392,585,895**	**106,895,515**	**33,091,374**	**84,258,424**	**616,831,208**	**616,831,208**
FINANCIAL LIABILITIES						
CUSTOMER DEPOSITS	-	-	-	400,858,478	400,858,478	400,858,478
DEPOSITS AND BALANCES DUE TO BANKING INSTITUTIONS	-	-	-	109,466,667	109,466,667	109,466,667
LONG TERM BORROWINGS	-	-	-	17,144,348	17,144,348	17,144,348
ACCRUALS AND OTHER LIABILITIES	-	-	-	22,845,262	22,845,262	22,845,262
TOTAL	**-**	**-**	**-**	**550,314,754**	**550,314,754**	**550,314,755**
2012						
FINANCIAL ASSETS						
CASH AND BALANCES WITH BANK OF GHANA	-	-	-	51,069,089	51,069,089	51,069,089
OTHER ASSETS	-	-	-	16,066,442	16,066,442	16,066,442
GOVERNMENT SECURITIES	-	90,213,643	64,493,941	-	154,707,584	154,707,584
DEPOSITS AND BALANCES DUE FROM BANKING INSTITUTIONS	24,193,967	-	-	-	24,193,967	24,193,967
LOANS AND ADVANCES TO CUSTOMERS	305,099,221	-	-	-	305,099,221	305,099,221
TOTAL	**329,293,188**	**90,213,643**	**64,493,941**	**67,135,531**	**551,136,303**	**551,136,303**
FINANCIAL LIABILITIES						
CUSTOMER DEPOSITS	-	-	-	364,043,606	364,043,606	364,043,606
DEPOSITS AND BALANCES DUE TO BANKING INSTITUTIONS	-	-	-	112,798,200	112,798,200	112,798,200
LONG TERM BORROWINGS	-	-	-	11,037,576	11,037,576	11,037,576
ACCRUALS AND OTHER LIABILITIES	-	-	-	17,149,826	17,149,826	17,149,826
TOTAL	**-**	**-**	**-**	**505,029,208**	**505,029,208**	**505,029,208**

44. EVENTS AFTER REPORTING DATE

There have been no events after the reporting date requiring adjustment or disclosure in the financial statement.

ADDRESSES

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Tema – Accra
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